



Daily Report

East Asia

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Japan

Tokyo Applauds U.S. Lifting of SRV Embargo

OW0402025394 Tokyo KYODO in English 0211 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Japan expressed hope Friday [4 February] that the lifting of the U.S. trade embargo against Vietnam will contribute to peace and prosperity in the Asia-Pacific region.

"At last, spring came to U.S.-Vietnam relations," Chief Cabinet Secretary Masayoshi Takemura told a news conference. "I perceive it as a very hopeful development."

The top government spokesman also said, "I hope the improved ties between the two nations will not be restricted to them alone but contribute to the peace and prosperity in the broader Asia-Pacific region."

Takemura issued the comment shortly after U.S. President Bill Clinton announced he is lifting the 19-year-old embargo against Vietnam.

Clinton also said the United States and Vietnam have decided to exchange liaison offices in Hanoi and Washington to facilitate more progress on the missing Americans issue.

He removed the sanctions a week after the Senate voted overwhelmingly in favor of lifting the embargo in recognition of Vietnam's cooperation in accounting for the fate of 2,238 Americans still listed as missing in Vietnam, and also in the hope that Hanoi will cooperate more on the issue.

The United States imposed an economic embargo on communist-ruled North Vietnam in 1964 and extended it to the whole country when the U.S.-backed regime in Saigon fell to communist forces in April 1975.

Spokesman Welcomes Embargo Lifting

OW0402080994 Tokyo KYODO in English 0800 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Japan welcomed Friday [4 February] the United States announcement that it will lift its nearly two decades-long trade embargo against Vietnam which is expected to pave the way for normalization of Washington-Hanoi ties.

"Japan welcomes the decision made by U.S. President Bill Clinton to lift the trade embargo against Vietnam as a significant step toward the normalization of U.S.-Vietnam relations," Foreign Ministry Spokesman Terusuke Terada said.

Japan regards the U.S. decision as "contributing not only to the improvement of the U.S.-Vietnam relationship but also to the peace and prosperity of the Asia-Pacific region," Terada said.

He said Japan has been making diplomatic efforts to facilitate the improvement of U.S.-Vietnam ties, such as urging Vietnamese Government officials to cooperate with the U.S. in resolving problems involving Americans Missing in Action (MIAs) in the Vietnam war.

Tokyo has also been telling the U.S. Government it is "very important to ameliorate" Washington-Hanoi ties, he said.

Clinton announced Thursday he would lift the 19-year-old trade embargo against Vietnam, citing "tangible progress" in the accounting of American MIAs.

He also said the U.S. and Vietnam have decided to exchange liaison offices in Hanoi and Washington to facilitate more progress on the MIA issue.

But Clinton said the measure does not constitute a normalization of diplomatic relations, saying, "before that happens, we must have more progress, more cooperation and more answers."

The U.S. imposed an economic embargo on communist-ruled North Vietnam in 1964 and extended it to the whole country when the U.S.-backed regime in Saigon fell to communist forces in April 1975.

Honda Motor Plans Liaison Office in SRV

OW0402071594 Tokyo KYODO in English 0654 GMT
4 Feb 94

[Text] Nagoya, Feb. 4 KYODO—Honda Motor Co. has a plan to open a liaison office in Ho Chi Minh City, Vietnam, in the near future with the aim of tapping that country's car market, the head of the Japanese carmaker said Friday [4 February].

Honda sold motorcycles in Vietnam before the Vietnam war, and is considering resuming sales now that expansion of the market is likely, President Nobuhiko Kawamoto told a press conference.

The company is currently seeking permission from the Vietnamese Government to set up a new office.

It is thinking of conducting market surveys on motorcycles and on the overall current market situation there, Kawamoto said.

Kantor, Posts Minister Fail 'To Bridge a Gap'

OW0402050794 Tokyo KYODO in English 0450 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Japanese Posts and Telecommunications Minister Takenori Kanzaki and U.S. Trade Representative Mickey Kantor failed to bridge a gap in trade framework talks on Friday [4 February], a posts ministry official said.

Kanzaki and Kantor expressed basic stances mainly on two areas—whether to include Nippon Telegraph and Telephone Corp. (NTT) in the scope of government

procurement and ways to increase foreign access to Japan's mobile phone market—the official told a press conference. But he declined to give further details, saying both sides agreed to make no comment.

After the press conference, the official told KYODO news service that the discussion basically “went in parallel” during the 60-minute meeting.

Neither side yielded on key points in the two areas, though Kanzaki and Kantor agreed to continue talks, he said.

Subcabinet-level talks are to resume on Monday in Washington.

Kantor, apparently skeptical about Japanese bureaucrats' ability to settle issues, is visiting Japan in a search of a breakthrough in the stalled framework talks through direct meetings with cabinet ministers.

He has already met with the foreign minister, the trade minister and the finance minister. But these meetings appeared to have no tangible results, casting doubt over the settlement of framework issues before the February 11 meeting between Japanese Prime Minister Morihiro Hosokawa and U.S. President Bill Clinton.

The U.S. trade negotiator is to hold a press conference at 2 P.M. [0500 GMT], wrapping up his trip to Tokyo.

Kantor, Hata Agree on Subcabinet Talks Schedule
OW0402031694 Tokyo KYODO in English 0258 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—U.S. Trade Representative Mickey Kantor and Japanese Foreign Minister Tsutomu Hata reconfirmed the need for joint efforts to successfully conclude bilateral framework talks and agreed to hold subcabinet-level negotiations early next week in Washington, Foreign Ministry officials said Friday [4 February].

Kantor and Hata reached the accord during a breakfast meeting at the ministry's Iikura Guesthouse. It was the second meeting between the two men since Kantor arrived in Tokyo on Tuesday.

Kantor and Hata agreed that both Japan and the United States should strive to solve the “remaining problems” in the trade talks before the February 11 summit between Prime Minister Morihiro Hosokawa and President Bill Clinton in Washington, they said.

Japanese and U.S. negotiators are supposed to draw up a progress report on the framework talks in time for the Washington summit, the third round of talks between the two leaders since Hosokawa assumed the office of prime minister last August, they said.

But the two sides remain deadlocked over the definition of the “objective criteria” to measure the progress of foreign access to Japanese markets.

The United States wants to set numerical targets but Japan opposes any indicators on the grounds they could lead to managed trade.

Hata told Kantor he wants the report to balance all three main themes of the framework talks—the macroeconomy, microeconomy and global cooperation, the officials said.

Although Kantor and Hata did not argue over “objective criteria” in the morning talks, they appeared to have shared the perception that the “remaining problems” concern the difference between Japan and the U.S. over their respective definitions of the term, the officials said.

The subcabinet-level negotiations will be held in Washington as early as next Monday, the officials said.

Hata told a press conference that through a series of talks between Kantor and high-level Japanese officials this week, Japanese and U.S. negotiators were able to confirm their “strong intentions” to successfully wrap up the bilateral framework talks.

Hata said Kantor gave high marks to Japan's efforts to introduce measures to stimulate the economy and quoted him as saying the developments of the past few days over the introduction of a new tax system are “dramatic.”

Meanwhile, a senior Trade Ministry official also said Friday the Japan-U.S. subcabinet-level negotiations will resume in Washington as early as next Monday.

The official, who declined to be named, said a broad agreement has already been reached on government procurement of medical and telecommunications equipment, except their numerical targets.

Japan is willing to reach an accord on automotive issues but it has no intention of yielding to the U.S. demand for numerical targets for Japanese imports, the official said.

Budget Sought Before Hosokawa-Clinton Summit
OW0402052794 Tokyo KYODO in English 0508 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—The Ministry of Finance (MOF) is to compile its draft of the fiscal 1994 budget as scheduled before the February 11 meeting between Prime Minister Morihiro Hosokawa and U.S. President Bill Clinton in Washington, a senior ministry official said Friday [4 February].

“We can't change the schedule... and we will continue our utmost efforts” to draft the budget in time for the summit, the Budget Bureau official told reporters.

His comments came amid confusion in the ministry after the coalition parties decided to reconsider the tax plan decided by Hosokawa early Thursday.

The official said the budget for fiscal 1994, starting April 1, depends on a report on fiscal 1994 tax reform scheduled to be issued by the Tax Commission, an advisory panel to the prime minister, early next week.

Asked about the third fiscal 1993 supplementary budget, which is slated for compilation together with the fiscal 1994 budget, the official said, "I have no idea...it all depends on the stimulus package." The package was to be announced Thursday but was delayed due to the political dispute. The supplementary budget will finance the package.

Meanwhile, other senior ministry officials, who were apparently holding emergency meetings, told reporters that the ministry is waiting for the coalition to settle the tax issue, and voiced uncertainty about what might happen.

Minister Hata on U.S. Talks, Political Reform

OW0402071794

[Editorial Report] Tokyo Asahi Television Network in Japanese at 0107 GMT on 30 January, as part of its 100-minute political magazine program, "Sunday Project," which begins at 0100 GMT, carries a 39-minute live interview with Foreign Minister Tsutomu Hata, by commentator Soichiro Tawara at the Asahi Television studio in Tokyo.

The political reform bills passed by the Diet on 29 January are the first topic, and Tawara asks Hata, who also heads Shinseito (Japan Renewal Party), whether he had expected the Diet to eventually pass the reform bills. Hata says that there was an atmosphere in the Diet and among the public that political reforms cannot be put off anymore, and adds that he had felt if the lower house speaker requested top leaders of the coalition and the Liberal Democratic Party (LDP) to meet, "dialogue (to pass the bills) would start therefrom."

Hata says even after the House of Councillors defeated the government-proposed bills earlier in the week, he felt confident that if the bills were referred to the House of Representatives, they could be passed by more than a two-thirds vote. He insists, "There was a big current of the times toward that."

Tawara asks Hata, "Do you think the *heiritsu-sei* (combining the single-seat district and proportional representation systems) is a process of going toward a complete single-seat district system or is it the ideal system which should take roots?" Hata says the *heiritsu-sei* can better reflect the popular will than a pure single-seat district system.

Asked if a general election will be held under the new election system by the end of this year, Hata says, "I do not think we need to wait until the end of the year," but also cautions against being hasty. "The Diet has various problems to take care of. On the other hand, political

parties need time to turn into new parties which will be fitting to the new political system," he explains.

After some discussions on general economic issues with Hata and economists who are present as guests, Tawara brings up the Japan-U.S. economic consultations as the next topic. He notes the U.S. Government is unhappy about the "bureaucrat-led" government of Japan, and cites a senior State Department official as saying, "Cannot Hosokawa fire Saito (administrative vice minister of finance)?"

Hata responds: "America, or Washington, is a small place. If someone puts out some information, this spreads to every corner quickly. I was recently told the same story by an American who was in a very high position. I told him, 'If you start saying that sort of thing, let me say this: You have the U.S. Trade Representative's Office, the State Department, the Treasury Department, the Commerce Department, the Agriculture Department, and so forth. The people there all say different things—they speak as they please. Why cannot the people there keep in contact with each other better?'"

The foreign minister continues: "In the United States, when the government changes hands, the people of a new government say things which are completely different from what the people of a preceding government said."

Asked about the numerical targets question, which the U.S. Government wants to be set as a way of measuring the progress of market liberalization, Hata says he will continue to object to that concept, insisting: "I think we must object to it. Let us look back on the experience with respect to semiconductors and auto parts. No doubt, these products were contributing to the trade surplus. So we told the people of those industries that it was no time to begin buying other countries' products, and we informed the U.S. officials about this. And the officials were happy about it. But this was nothing but targets toward which efforts would be made."

Moderator Tawara says Japan has always been passive in the Japan-U.S. economic talks, and asks Hata if the Japanese Government will not make any proposals from its side in the ongoing talks. Hata replies that Japan has made proposals to the U.S. Government already, and says the government told the U.S. it should earnestly take on the financial budget deficit problem and the country's industries must learn to become more competitive.

The interview ends at 0146 GMT.

Ministry Rules Out Insurance Market Criteria

OW0402104694 Tokyo KYODO in English 0959 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Foreign share of the Japanese insurance market is not subject to disputed

"objective criteria" being sought by the United States, a senior Finance Ministry official said Friday [4 February].

The insurance market worldwide is full of regulations in the context of protecting policyholders, and the framework talks in this field focus on what is possible to deregulate, the official said, requesting anonymity.

Checking the progress of deregulation should be the criteria which Japan and the U.S. are to set up under the framework agreement reached in July, the official said.

In this sense, the insurance field is different from, for example, the relatively regulation-free automobile field, the official said, indicating the framework yardsticks could vary for each field.

Nevertheless, he criticized the U.S. for demanding quantitative benchmarks in the overall framework talks, saying that private-sector market share is determined by business efforts and strategies.

Under the July agreement, the two nations are to establish "objective criteria" of a qualitative or quantitative nature, or both if appropriate.

The official said the two sides would have to make further efforts to narrow the gap over the criteria issue at scheduled meetings led by subcabinet-level talks next week before the February 11 talks between Prime Minister Morihiro Hosokawa and President Bill Clinton in Washington.

An agreement is targeted by then in three priority fields—insurance, automobile and auto parts, and government procurement of medical and telecommunications equipment.

Asked about the chances of postponing the summit because of the political turmoil over the tax issue in Japan, the official said the government is determined to keep the schedule.

The two leaders are also slated to discuss their respective macroeconomic measures as the framework agreement calls for the U.S. to take deficit-cutting measures and Japan to boost domestic demand to reduce its trade surplus.

The deadlocked tax issue is delaying Japan's announcement of its stimulus package, including tax cuts, and compilation of the fiscal 1994 budget—the two major actions which Hosokawa plans to take before going to Washington.

The official said macroeconomic issues are for reporting and not for negotiations. The U.S. side recognizes this, too, he said.

Tokyo 'Ready To Introduce' Insurance System

*OW0402120694 Tokyo KYODO in English 1150 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Japan is ready to introduce an insurance broker system to break the deadlock in its insurance negotiations with the United States as part of bilateral framework trade talks, government sources said Friday [4 February].

They said the government will seek a revision of the Insurance Business Law in fiscal 1995 to allow brokers to sell policies for different insurance companies.

Japan is also willing to liberalize in stages the insurance markets for disabilities, diseases and nursing to meet U.S. demands in the talks, the sources said.

Foreign insurance companies control a major share in those fields.

But Japan will refuse to introduce numerical targets for market opening, the focus of the insurance negotiations as well as in other talks, they said.

The U.S. is demanding that the foreign share of the Japanese insurance market be increased to 10 percent from the present 2 percent.

The sources said negotiations on this issue are likely to drag on until the scheduled Japan-U.S. summit in Washington on February 11 between Prime Minister Morihiro Hosokawa and President Bill Clinton.

Nation Adopts Procurement 'Action Program'

*OW0402030894 Tokyo KYODO in English 0251 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Prime Minister Morihiro Hosokawa's government approved an action program Friday [4 February] to boost the transparency of government procurement procedures.

The program, drawn up in response to criticism by Japan's trading partners and applied to all government purchases, will make it easier for foreign companies to bid for such contracts through competitive bidding.

It is also aimed at improving cooperation and finding better ways to handle complaints from foreign companies dissatisfied with the procedures.

Under the program, foreign companies can make complaints about all items procured by the government. The new steps will also lower the minimum procurement limit from the current 1 million special drawing rights (SDRs), worth some 150 million yen, to 800,000 SDRs, or 120 million yen.

Hosokawa will brief U.S. President Bill Clinton about the new measures when they meet in Washington on February 11.

No Participation in UNPROFOR 'at Present'

*OW0302104394 Tokyo KYODO in English 1023 GMT
3 Feb 94*

[Text] Tokyo, Feb. 3 KYODO—Japan will not participate in U.N. peacekeeping operations in the former Yugoslavia "at present" but will consider studying the possibility on a mid- to long-term basis, Foreign Ministry officials said Thursday [3 February].

Foreign Minister Tsutomu Hata, in announcing Japan's contribution to the war-torn region, said humanitarian assistance and help in maintaining stability in Macedonia through economic and technical cooperation will be stepped up instead.

The announcement followed weeks of deliberations on Japan's possible contribution after the government sent a survey mission there in early January.

The team, headed by senior Foreign Ministry Official Shunji Yanai, visited such areas as Zagreb, Sarajevo and Belgrade.

Hata said in the statement that Japan is not considering sending personnel to the U.N. Protection Force (UNPROFOR).

The ministry officials said Japan will continue studying the nation's participation "from a mid- to long-term perspective" and closely watch regional developments, the UNPROFOR and the peace process.

Officials pointed out that although UNPROFOR commander Brig. Gen. Saermak Thomsen [spelling of name as received] told the mission that he will welcome Japan's participation, the United Nations has made no formal request.

Once such a request is made, the nation will consider a dispatch from a legal viewpoint and then make a policy decision, they said.

Hata voiced concern in the statement over continuing armed conflicts in the former Yugoslavia and the failure of the peace process, and strongly urged a solution through negotiations, not battles. He added Japan intends to make efforts toward peace.

Regarding humanitarian cooperation, Tokyo is considering extending between 10 million and 15 million dollars to U.N. organizations to help refugees, the officials said.

Details, including timing of the disbursement, have yet to be decided, they said.

Tokyo plans to provide facilities, medical goods, food and other equipment to help the refugees, they said.

Japan will strengthen ties with Macedonia and promote personnel exchanges to help develop its economy and improve public life in an aim to prevent conflicts from occurring, the officials said.

Specifically, Japan will send three or four experts to Macedonia in spring to study implementation of economic and technical cooperation. They will also invite Macedonian Government officials in charge of economic cooperation to Japan in March, they said.

Japan also plans to establish diplomatic ties with Macedonia as soon as possible and look into setting up an honorary consul general, and will lift self-restraints on tourists Friday to Macedonia, they said.

The government will also send a Foreign Ministry official to the eight-member conflict prevention mission of the Conference on Security and Cooperation in Europe (CSCE), the officials said.

To tackle the area's problems more effectively, Japan will strengthen its embassy in Austria to cover Slovenia, Croatia and Macedonia, and promote ties with Albania, which play an important role in the stability of the Balkan region, they said.

A minister at the Japanese embassy in Austria will become a Japanese representative in charge of problems in the region and will attend consultations among major nations in Zagreb when possible, they said.

PRC's Zhu Rongji Plans To Visit 23 Feb

*OW0402085794 Tokyo KYODO in English 0840 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Chinese Vice Premier Zhu Rongji will visit Japan from February 23 for about 10 days to hold talks with Japanese political and business leaders, Foreign Ministry sources said Friday [4 February].

Zhu is expected to meet Prime Minister Morihiro Hosokawa and Foreign Minister Tsutomu Hata in Tokyo to discuss bilateral issues, including ways Japan can support reform and open-door policies in China, the sources said.

Zhu, who is regarded as a possible successor to Premier Li Peng, will also seek increased investment from the Japanese private sector in China at meetings with top business leaders.

During the 10-day visit, the vice premier also plans to visit Osaka and Fukuoka, western Japan, to inspect local business activities and seek cooperation from private concerns.

Both nations agreed on Zhu's visit to Japan when Hata went to Beijing in January. Zhu's visit to Japan is the first since he assumed his post in April 1991.

German Group on More Government Support in Asia*OW0302092394 Tokyo KYODO in English 0800 GMT 3 Feb 94*

[Text] Tokyo, Feb. 3 KYODO—Reflecting the frustration of German enterprises over Japan's dominance of Asian markets, the German Chamber of Industry and Commerce in Tokyo called for more government backing of efforts to meet the Japanese challenge in a report released Thursday [3 February].

The "German Asia Concept" report, which was submitted to the German Government, urges Bonn to set up a semiofficial "German Asia Center" to "bundle the meager German Asia resources" and make the German industry competitive in the Asia-Pacific region.

With Bonn shouldering 50 percent of a proposed 1 billion German mark stock capital, local governments, labor and economic organizations, as well as academics, should join forces in setting up the center, the paper suggests.

German Asia strategies can be successful only "if they take into account the Japanese positioning in the Pacific rim," it said.

To make inroads in Japan-dominated Asian markets, German companies must exploit the deficits of Japanese economic strategy in Asian countries in transition, the paper states.

Japanese business activities block transfer of know-how and key technologies, fail to provide for participation of local management and do not foster the establishment of independent non-Japanese domestic firms, the chamber says in pointing to areas where German enterprises could jump in.

Germany, in close cooperation with domestic governments, must offer "comprehensive packages" linking official development aid, infrastructure projects, training and know-how transfer to prevail over competitor Japan, the paper says.

While not excluding cooperation with Japanese networks in Asia, the paper advocates link-ups with "non-Japanese networks in Asia, first of all the networks of Overseas Chinese."

The proposals come after the German Government last fall formulated a new Asia concept aimed at greater economic presence in the Asia-Pacific area.

In its bid to make up lost ground in Asia, the German industry ailing under a longstanding recession, high labor costs and loss of markets in former communist countries, recently set up an Asia-Pacific Committee.

Reportage on Tax Reform Developments Continues**Rengo Chief: Plan 'Not Permissible'***OW0302093294 Tokyo KYODO in English 0816 GMT 3 Feb 94*

[Text] Tokyo, Feb. 3 KYODO—The chief of Japan's largest labor union organization said Thursday [3 February] a plan to impose a 7 percent "national welfare tax" on goods and services from 1997 is not permissible.

Akira Yamagishi, president of the Japanese Trade Union Confederation (Rengo), released a statement in response to the new tax plan announced by Prime Minister Morihiro Hosokawa earlier in the day.

Yamagishi criticized the program as primarily a consumption tax hike from the current 3 percent.

"I am anxiously concerned that much confusion would take place if the government forcibly moves forward with the plan," the statement said.

He said the de facto consumption tax hike will have an adverse effect on pump-priming and it is unclear why the rate should be 7 percent.

He also said the "National Welfare Tax" is no different from the current consumption tax because it will not be used only for welfare under Hosokawa's plan.

Meanwhile, a top official of Rengo said Thursday the Social Democratic Party (SDP) has no choice but to secede from the coalition government.

The official, who spoke on condition of anonymity, warned that the fiscal 1994 budget and tax reform bill may not pass through the Diet if the SDP leaves the government. In that case the Hosokawa administration is likely to collapse, the official said.

The SDP threatened Thursday to pull its six members from the cabinet unless the government amends its tax plan.

Editorials Divided Over Tax Plan*OW0402013094 Tokyo KYODO in English 0053 GMT 4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Prime Minister Morihiro Hosokawa's new tax plan received a mixed reaction from Japan's major dailies Friday [4 February].

The ASAHI SHIMBUN and MAINICHI SHIMBUN criticized Hosokawa over the plan, announced at a news conference in the early hours of Thursday. A leading business daily, the NIHON KEIZAI SHIMBUN, was also critical, saying the net tax increase from the proposal will not help the sluggish economy to recover.

But the YOMIURI SHIMBUN threw firm support behind the prime minister, and the SANKEI SHIMBUN offered qualified support.

In an editorial titled "An Absurd 'Decision' by the Prime Minister," the opinion-leading ASAHI said, "What on earth is the matter?" alluding to "unprecedented turmoil" among the government and ruling coalition parties over Hosokawa's tax reform plan.

The ASAHI asked, "what was the point of Wednesday's talks among the coalition and the prime minister's early Thursday news conference?"

"We cannot understand why the new tax plan was launched so abruptly," the ASAHI said, adding that there are too many unclear points about the plan.

"It cannot be overlooked that not only the Social Democratic Party [SDP] but even Chief Cabinet Secretary Masayoshi Takemura did not know about the new tax plan until just before the announcement," it said.

The MAINICHI SHIMBUN said Hosokawa failed to respond to questions on why the consumption tax must be changed to a national welfare tax or why the new indirect tax must be imposed in April 1997.

"Is it a wise choice to impose the new tax in three years' time and set the tax rate at 7 percent," the MAINICHI asked in an editorial titled "The Premier's Decision Is Too Abrupt."

The largest national daily, the YOMIURI, said it was "basically in support" of Hosokawa's tax plan, which it called a sweeping tax reform that follows the imposition of the 3 percent consumption tax five years ago.

The YOMIURI said, "a large income tax cut is necessary to escape from the present prolonged recession. But a tax cut without a revenue source is nothing more than political irresponsibility."

It urged the SDP and the main opposition party, the Liberal Democratic Party, to help the government enact legislation on the tax reform plan based on Hosokawa's announcement.

The YOMIURI's editorial said the planned issuance of deficit-financing bonds without the backing of revenue sources for redemption is very dangerous, noting that the cumulative balance of national bond issues at the end of March 1995 will reach 200 trillion yen.

The NIHON KEIZAI said tax reform must be neutral, but Hosokawa's tax plan will produce as much as 3.5 trillion yen of net tax increases.

It said, "Needless to say, this will sharply offset effects from income tax reductions...an advance tax cut will be meaningless. Of course, people will not support it."

The SANKEI SHIMBUN urged Hosokawa to "conduct tax reform in a fair manner."

Hosokawa's decision basically complies with the direction of tax reform that calls for imposing taxes appropriately on income, consumption and assets and for taxpayers to share the burden fairly.

But questions remain, the SANKEI said. "Why could the prime minister not propose an increase in the consumption tax rate?"

It also questioned why a 9.5 trillion yen tax increase is necessary to offset a 6 trillion yen tax cut.

Coalition Agrees To 'Revoke' Plan

OW0402032194 Tokyo KYODO in English 0254 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—The ruling coalition parties agreed Friday [4 February] to revoke Prime Minister Morihiro Hosokawa's new tax plan and to spend more time discussing tax reform, coalition officials said.

Representatives of the ruling parties reached the accord as they resumed talks Friday to avert a major political crisis that emerged after Hosokawa brushed aside opposition from the largest governing party, the Social Democratic Party, and announced the imposition of a new 7 percent indirect tax on Thursday.

Fujii Defends Proposed Welfare Tax

OW0402032994 Tokyo KYODO in English 0301 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—The government and the ruling coalition parties are unlikely to drop the newly announced 7 percent national welfare tax plan, Finance Minister Hirohisa Fujii said Friday [4 February].

Referring to ongoing discussions among coalition party leaders, Fujii told reporters after a morning cabinet meeting, "it's impossible to settle" (the issue) by dropping the plan into "a blank sheet."

Brushing aside criticism that the ministry forced Prime Minister Morihiro Hosokawa to decide on the tax plan, Fujii said he is "silently watching" the coalition meeting with his ministry taking an open-minded or "blank sheet" stance.

Fujii also sought to justify Hosokawa's decision by stressing that the prime minister followed "required procedures" by consulting with his advisory panel, an economic policy forum of the government and coalition parties and a meeting of party leaders.

But Fujii reiterated his opposition to changing the new national welfare tax into an "objective" tax—one in which the revenues are earmarked for special accounts rather than the general account.

The new tax would "virtually be an objective tax" because it would be implemented in a law stipulating that revenues be for welfare purposes.

The Social Democratic Party—the largest party in the ruling coalition—is threatening to quit the cabinet unless the government accepts its compromise plan that primarily calls for changing the welfare tax to an objective tax.

The tax plan decided by Hosokawa calls for adoption of the 7 percent welfare tax in place of the current 3 percent consumption tax in April 1997 to finance tax cuts worth 6 trillion yen.

Fujii reiterated that his ministry's calculation that a 7 percent tax is needed to finance the tax cuts is "correct."

Meanwhile, he said he welcomed a debate about the new tax in view of the aging of society, and noted that Hosokawa's intentions are in line with the Tax Commission's November report calling for a cut in the income tax burden and an improvement in consumption taxes to cope with the graying population.

He said discussions should not be focused too much on economic measures.

But in including the tax cuts in the stimulus package to be announced shortly, Fujii said the government is taking the measures with "confidence" to put the economy on a full-fledged recovery path in fiscal 1994, and stable growth in fiscal 1995.

Kubota on 'Wrangling' Over Tax

OW0402033494 Tokyo KYODO in English 0259 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Manae Kubota, head of the Economic Planning Agency (EPA) and also member of the Social Democratic Party (SDP), said Friday [4 February] the current wrangling over a new tax within the ruling coalition parties is heading toward settlement.

Negotiations are under way between the SDP, a chief opponent of the 7 percent "national welfare tax" proposed by Prime Minister Morihiro Hosokawa, and other groups in Hosokawa's seven-party coalition, the EPA director general told a press conference. But an early settlement is possible only if the coalition parties agree to revise the content of the new tax, particularly its purpose and the rate of taxation, Kubota said.

Kubota strongly dismissed the new tax as a source of financing for the 6 trillion yen income tax cut expected in the government's new pump-priming package, branding it "a consumption tax increase in disguise."

It is "very regrettable" that the prime minister decided to introduce the new tax without going through "due process," including full discussion among the coalition parties and working to achieve a national consensus, Kubota said.

She said the EPA is prepared to announce the new economic package as soon as the dispute over the new tax is settled.

Kubota said the new tax should be modified so that the use of its proceeds is limited to social welfare-related areas.

Hosokawa's new tax does not oblige the government to use the proceeds in specific ways even if it is called a welfare tax.

She also sought a revision of the tax rate, explaining the need for full-fledged discussions to justify a specific rate.

As for the timing of the tax's enforcement, she said it should be delayed as long as possible in view of the economic impact.

Kubota said she is prepared to resign as EPA chief if the national welfare tax is endorsed as it currently stands.

In reference to the 6 trillion yen tax cut, Kubota said the scale of the measures should have an impact on the Japanese economy, especially on stagnant personal spending.

Hosokawa Government 'Threatened'

OW0402035594 Tokyo KYODO in English 0339 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Representatives of the ruling coalition parties agreed Friday [4 February] to renounce a plan to introduce a new indirect tax on sales of goods and services, coalition officials said.

The agreement came at a time when intra-coalition discord over the new "national welfare tax" plan threatened to bring down the government of Prime Minister Morihiro Hosokawa.

The accord was reached at a meeting of the leaders of seven coalition parties who banded together to mitigate the crisis, they said.

Ichiro Ozawa, the chief coalition strategist and co-leader of Shinseito [Japan Renewal Party], a key coalition party, told a news conference after the meeting, "coalition parties have reached the conclusion that they should scrap both plans to introduce the new tax and implement a tax cut as they could not reconcile their differences over the plans."

Ozawa is widely regarded as the behind-the-scenes architect of the plan to replace the current 3 percent consumption tax with a 7 percent "national welfare tax."

The new accord also calls for scrapping a plan to implement an income tax cut of 6 trillion yen. The Finance Ministry had planned to cover the cut with revenue earned from the proposed new tax, the officials said.

The ministry's original plan called for issuing deficit-financing bonds to fund the tax cut and then redeeming the bonds and interest with revenue from the new tax to be imposed in three years' time.

The crisis emerged when the largest governing party, the Social Democratic Party, threatened to quit the coalition in protest at Hosokawa's plan to impose the new 7 percent indirect tax.

SDP Secretary General Wataru Kubo told a news conference that representatives of the ruling coalition parties had not been able to reach a conclusion on the tax proposals.

"Although the coalition representatives discussed various aspects of the matter, we could not reach any agreement," Kubo said.

"We therefore drew up a tax reduction plan and the new tax will be taken back to the drawing board so we can spend more time discussing the matter."

Kubo revealed that he proposed at the meeting the implementation of an income tax and that an alternative source of revenue be decided after further discussion.

Asked about a possible meeting of heads of coalition parties, including Hosokawa, he said that if such talks are proposed, the SDP will make its decision based on the opinions of the party chief, Tomiichi Murayama.

Commission Head Kan Kato Comments

*OW0402043294 Tokyo KYODO in English 0357 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—The head of the government's Tax Commission said Friday [4 February] a planned income tax cut should be scrapped if it is uncoupled from its companion "welfare tax."

Told of reports that the tax plan decided early Thursday was being sent back to the drawing board because of political opposition, Kan Kato, head of the advisory panel to the prime minister, told reporters the plan's 6 trillion yen in income and resident's tax cuts must remain linked to the welfare tax.

At a regular press conference, Kato raised Prime Minister Morihiro Hosokawa's decision to adopt the plan, which links the tax cuts, retroactive to January 1, with changing the 3 percent consumption tax to a 7 percent welfare tax in 1997.

He said he and others on the panel thought that "political collateral"—promises that the tax cuts would be paid for later—was not enough and that the funding must be made clear along with the tax cut. The tax cuts require "panel collateral," he said.

Hosokawa has vowed in the past to respect recommendations of the Tax Commission.

Hosokawa Apologizes to Cabinet

*OW0402052294 Tokyo KYODO in English 0510 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Prime Minister Morihiro Hosokawa apologized Friday [4 February] for failing to ensure "sufficient contact among the government and ruling coalition parties" before announcing a package of a tax cuts and increases, coalition officials said.

Hosokawa offered the apology at a meeting of cabinet ministers following the day's regular cabinet session, the officials said.

On Friday, leaders of the coalition parties agreed to renounce the tax plan Hosokawa announced at an early Thursday morning news conference. It called for abolishing the 3 percent consumption tax and instead introducing a new indirect tax on sales of goods and services.

In a meeting with Hiroyuki Sonoda, a senior official of the alliance between the Japan New Party (JNP) and Sakigake (Harbinger), Hosokawa expressed the hope that the coalition parties will discuss the tax reform plan, the officials said. Hosokawa heads the JNP, while Chief Cabinet Secretary Masayoshi Takemura leads Sakigake. Both parties are in the ruling coalition.

LDP: Coalition 'Irresponsible'

*OW0402053594 Tokyo KYODO in English 0523 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—The main opposition party, the Liberal Democratic Party (LDP), accused Prime Minister Morihiro Hosokawa and the ruling coalition Friday [4 February] of being "irresponsible" over the scrapping of a fresh tax plan the premier announced Thursday.

LDP Secretary General Yoshiro Mori said, "It's an irresponsible way to do things. The cabinet should take much of the blame."

Mori told reporters that the coalition partners should have consolidated their opinions before the announcement because the tax system deeply affects the Japanese people.

"If it was decision-making on international relations, it might have brought about a major disaster," Mori said.

Earlier in the day, leaders of the coalition parties agreed to renounce the tax plan Hosokawa announced at an early Thursday morning news conference. It called for abolishing the 3 percent consumption tax and instead introducing a new indirect tax on sales of goods and services.

Hosokawa Insists on 7 Percent Plan

*OW0402081594 Tokyo KYODO in English 0806 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Prime Minister Morihiro Hosokawa insisted Friday [4 February] on a 7 percent indirect tax despite a coalition agreement earlier in the day to scrap his proposal to impose a "national welfare tax."

Hosokawa argued for the 7 percent rate at a meeting with Japanese reporters at his official residence.

Hosokawa said the 7 percent rate for the indirect tax is necessary to finance tax cuts of 6 trillion yen the government was planning to implement as part of a new comprehensive pump-priming package.

He said the revenue-boosting measure is indispensable to enable his administration to compile the fiscal 1994 state budget.

"I want coalition party leaders to come up with the right answer as quickly as possible so the government can compile the state budget according to its originally scheduled timing," he said.

The premier's statement came a few hours after the leaders of the coalition announced they had renounced his plan to introduce the new 7 percent tax and implement a tax cut of 6 trillion yen.

The coalition leaders decided to give up the tax program to avert a political crisis which was threatening to scuttle the seven-party coalition government.

The Social Democratic Party, the biggest in the alliance, threatened to quit the coalition unless it abandoned the plan which the party said would amount to a de facto doubling of the current 3 percent consumption tax.

Earlier on Friday, Hosokawa apologized for failing to ensure "sufficient contact among the government and ruling coalition parties" before announcing a package of tax cuts and increases, coalition officials said.

Hosokawa offered the apology at a meeting of cabinet ministers following the day's regular cabinet session, the officials said.

In a meeting with Hiroyuki Sonoda, a senior official of the alliance between the Japan New Party (JNP) and Sakigake (Harbinger), Hosokawa expressed the hope that the coalition parties will discuss the tax reform plan, the officials said.

Hosokawa heads the JNP, while Chief Cabinet Secretary Masayoshi Takemura leads Sakigake. Both parties are in the ruling coalition.

Differences Not Reconciled

*OW0402083494 Tokyo KYODO in English 0802 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—The ruling coalition parties on Friday [4 February] revoked Prime Minister Morihiro Hosokawa's tax program that threw Japan's political world into chaos Thursday and threatened the near collapse of the six-month-old governing alliance.

Ichiro Ozawa, the chief coalition strategist and co-leader of Shinseito (Japan Renewal Party), a key coalition party, made the announcement at a news conference following morning talks among leaders of the ruling coalition parties.

"Coalition parties have reached the conclusion that they should scrap both plans to introduce the new tax and implement a tax cut as they could not reconcile their differences over the plans," Ozawa said.

Ozawa is widely regarded as the behind-the-scenes architect of the tax package which Hosokawa unveiled at an early Thursday news conference.

The main opposition Liberal Democratic Party [LDP] rapped the coalition government for revoking both plans to introduce the new tax and to implement a tax cut.

LDP secretary general Yoshiro Mori said, "they used an irresponsible strategy and the cabinet should take much of the blame."

Hosokawa's package calls for a 6 trillion yen reduction in income tax and for replacing the current 3 percent consumption tax with a 7 percent "national welfare tax." The Finance Ministry had planned to cover the tax cut with revenue earned from the proposed new tax, the officials said.

The Social Democratic Party, the largest among the seven ruling parties, renewed its threat to withdraw the party's six cabinet ministers from the Hosokawa administration if the coalition came up again with a plan to increase taxes.

Emerging from the talks with the coalition partners, SDP Secretary General Wataru Kubo said, "although the coalition representatives discussed various aspects of the matter, we could not reach any agreement."

"We therefore concluded that the tax cut and increase plan will be taken back to the drawing board so we can spend more time for discussion of the matter," he said.

Following the announcement of the scrapping of the tax plan, Hosokawa pleaded with coalition partners to resume discussion on the issue of tax reform, officials said.

Hiroyuki Sonoda, a senior legislator of Sakigake (Harbinger), one of the seven ruling parties, quoted Hosokawa as saying, "I want coalition parties to revive discussions" over the tax plan.

Officials said the coalition leaders had to make the decision in order to alleviate intracoalition discord over the new 7 percent "National Welfare Tax," as the SDP threatened to quit the coalition in protest at the new tax proposal.

The Finance Ministry's original plan called for issuing deficit-financing bonds to fund the tax cut and then redeeming the bonds and interest with revenue from the new tax to be imposed in three years' time.

However, a well-placed government source suggested that the Hosokawa administration will have to quickly engineer concrete tax cut measures to achieve the 15 trillion yen comprehensive pump-priming package

which Hosokawa will cite at a February 11 summit with U.S. President Bill Clinton in Washington.

The Clinton administration has been urging Japan to take drastic economic stimulus measures to pull the slumbering Japanese economy out of recession, revive consumer spending and thereby pare back Japan's huge trade surplus with the United States.

The Japanese Government was reportedly compiling the 15 trillion yen economic stimulus package featuring the 6 trillion yen tax cut measure as well as increased public works spending in the face of a veiled U.S. threat to invoke its super 301 retaliatory trade provision.

Deputy Chief Cabinet Secretary Yukio Hatoyama, reacting to the news of the decision to revoke the new tax plan, suggested to reporters the Hosokawa administration has not yet given up the hope of compiling the comprehensive pump-primer package before Hosokawa's departure for the United States on February 10.

Hatoyama said, "We still have Friday and Saturday" to hammer out an intracoalition accord to compile a revenue-securing measure that would enable the government to compile the package.

SDP Chairman Tomiichi Murayama told reporters, "we are trying to secure an agreement to set up an inter-party consultative panel on tax measures, while the issue of how to raise revenue to finance a tax cut should be taken back to the drawing board."

"If we continued to spurn the coalition's tax proposal, it could lead the coalition to collapse. We have to make a policy choice by considering where the SDP could offer certain concessions without splitting the coalition," Murayama said. He did not elaborate on the possible compromise deal.

Health and Welfare Minister Keigo Ouchi, leader of another coalition partner, the Democratic Socialist Party, told reporters he believes the coalition should reform its method of producing and proposing a new policy measure.

"My Welfare Ministry is in charge of welfare affairs. It is strange for the National Welfare Tax proposal to have surfaced without any advance consultations with the ministry" Ouchi said.

The SDP has blasted the new tax plan as a ploy to force the nation to accept a de facto doubling of the current 3 percent consumption tax rate by merely renaming it as a "welfare tax."

The SDP has argued that the coalition should insert into the new tax legislation wording that would ensure all the fresh revenue from the new tax be used solely for welfare purposes.

But the Finance Ministry has resisted the SDP demand, saying that such a provision would tie the hands of the government in funneling the revenue to fund various policy measures.

The SDP, which has insisted on the abolition of the consumption tax, boosted its parliamentary strength in a 1989 House of Councillors election shortly after then Prime Minister Noboru Takeshita enraged voters with the consumption tax he introduced.

Takemura: Plan 'Politically Frozen'

OW0402090094 Tokyo KYODO in English 0825 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—The coalition government thinks Prime Minister Morihiro Hosokawa's tax plan is politically frozen, the top government spokesman said Friday [4 February].

Takemura made the comment at an evening news conference following the announcement by leaders of ruling coalition parties to revoke Hosokawa's decision Thursday to impose a 7 percent indirect tax in April 1997.

Takemura said the coalition aims to reach a decision by Monday at the latest on tax cuts, which are part of a fresh 15 trillion yen pump-priming package.

He said there will be no change for schedules to compile the state budget for fiscal 1994, noting the Finance Ministry will unveil a budget plan February 10 and the cabinet will adopt the final budget plan February 15.

Ministers Give Mixed Comments

OW0402090494 Tokyo KYODO in English 0819 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Health and Welfare Minister Keigo Ouchi said Friday [4 February] the cabinet of Prime Minister Morihiro Hosokawa has scored a "minus point" because the ruling coalition renounced a package of tax cuts and increases.

Ouchi, chairman of the Democratic Socialist Party (DSP), told reporters the cabinet "must submit itself to criticism." But Ouchi said "the minus point is not so large" as to justify talk of whether or not the prime minister should take political responsibility, "a term used to imply resignation.

Management and Coordination Agency Director General Koshiro Ishida, who heads Komeito, said discussions were insufficient before deciding the tax plan.

Ishida indicated he does not support a proposal to use the 7 percent "National Welfare Tax" solely for welfare, saying that it is difficult to limit its use because revenues from the proposed tax are large. He said welfare concerns every aspect of national life from medical treatment to pensions and housing.

Science and Technology Agency Director General Satoshi Eda told a news conference that now is the time to tackle the problem of how to boost the national economy but cautioned against seeking a solution on tax reform in a hasty manner.

Eda, leader of a minor political party, the United Social Democratic Party (USDP), declined to comment on reports that some party members have called for Eda's resignation as a cabinet member.

Eda said, "the prime minister's proposal is crudely put as a decision but is worth considering."

Deputy Prime Minister and Foreign Minister Tsutomu Hata said he will take the blame for a major political crisis that stemmed from Hosokawa's tax reform plan announcement.

Hata said the Finance Ministry only helped the coalition work out the new tax plan.

In an early Thursday morning news conference, Hosokawa announced a decision to cut 6 trillion yen in taxes. As a revenue source, the prime minister proposed scrapping the present 3 percent consumption tax and instead imposing a 7 percent "National Welfare Tax" in April 1997.

Hosokawa's announcement angered the Social Democratic Party, the largest of the seven parties in the coalition, which threatened to quit the alliance, throwing the political world into turmoil.

On Friday, leaders of the coalition parties announced they would renounce the tax plan to avert a possible collapse of the Hosokawa cabinet.

Hosokawa Seeks Tax Plan Revival

*OW0402122394 Tokyo KYODO in English 1204 GMT
4 Feb 94*

[Text] Tokyo, Feb. 4 KYODO—Prime Minister Morihiro Hosokawa on Friday [4 February] called for a revival of his plan to impose a 7 percent tax on goods and services, ditched hours earlier by his ruling coalition.

Hosokawa told reporters at his official residence that he believes the coalition leaders merely "froze" the tax program "for political reasons," rather than having killed it with Friday's seven-party agreement.

"I would only seek the same thing which I appealed to the public to accept, if I appeared again" in a televised news conference, Hosokawa said.

In a predawn press conference Thursday, Hosokawa surprised the people and even members of his coalition partners with his announcement of the plan to create a 7 percent "National Welfare Tax," starting in April 1997.

At Friday's press briefing, Hosokawa said the tax is necessary to finance a 10-year welfare program for the elderly, raise pensions in tandem with annual price rises,

and redeem additional deficit-servicing bonds expected to be floated from fiscal 1994.

The new tax, whose mechanism is virtually similar to that of the current 3 percent consumption tax, would be slapped on sales of most goods and services in Japan.

Hosokawa cited budgetary estimates of expenditures to be financed by the tax, which were unveiled by the Finance Ministry on Thursday.

Hosokawa said his tax program would fund an outlay of 800 billion yen to finance the welfare program, 1.3 trillion yen to cover an increase in government procurement-related spending as a result of the tax, as well as 1.4 trillion yen for redeeming additional deficit-servicing bonds.

Under the overall tax plan of 9.5 trillion yen, these outlays would be tacked onto a total of 6 trillion yen in income and corporate tax cuts, of which national and local income tax would account for 5.3 trillion yen, he said.

Ichiro Ozawa, a chief coalition strategist and co-leader of Shinseito [Japan Renewal Party], told a news conference earlier Friday that the coalition parties "have reached the conclusion that they should scrap both plans to introduce the new tax and implement a tax cut as they could not reconcile their differences over the plans."

Ozawa, widely regarded as a main architect of the tax proposal, made the announcement after emerging from the meeting of coalition leaders.

Hosokawa also told reporters the revenue-boosting measure is indispensable to enable his administration to compile the fiscal 1994 state budget.

"I want coalition party leaders to come up with the right answer as quickly as possible so the government can compile the state budget according to its original schedule," he said.

Coalition officials said the leaders had to give up the tax program to avert a political crisis which was threatening to scuttle the coalition government.

The Social Democratic Party (SDP), the biggest party in the alliance, threatened to quit the coalition unless Hosokawa abandoned the plan, which the SDP said would amount to a de facto more than doubling of the consumption tax.

LDP Leaders Criticize Hosokawa

*OW0402134494 Tokyo KYODO in English 1329 GMT
4 Feb 94*

[Excerpts] Tokyo, Feb. 4 KYODO—Three top leaders of the main opposition party slammed Prime Minister Morihiro Hosokawa on Friday [4 February] for his "irresponsibility" over the rescinding of a planned income tax cut and new "welfare tax" unveiled by the premier Thursday.

Yohei Kono, president of the former ruling Liberal Democratic Party (LDP), told reporters that the process of scrapping the tax plan shows the Hosokawa administration is controlled by a few members of the coalition.

Ichiro Ozawa, co-leader of the Shinseito [Japan Renewal Party] and a chief strategist in the coalition, and Yuichi Ichikawa, secretary general of Komeito, reportedly played key roles in drawing up the plan.

Kono blasted the irresponsible array of the cabinet, saying, "if it is not Hosokawa who decided the plan, than who heads the cabinet?"

He said the turmoil could deepen the public's distrust in politics. [passage omitted]

LDP Secretary General Yoshiro Mori said in a party meeting in Yokohama, "what is going on with the responsibility of Hosokawa? (the government and the ruling coalition parties) are in a state of anarchy with no political responsibility."

Mori, meanwhile, urged the government to raise the envisioned tax cuts worth 6 trillion yen, including income and residential tax reductions, saying "I'm skeptical about whether the 6 trillion yen will be effective (in boosting the sluggish economy)."

He also insisted on separating cuts and increases in taxes, saying that financial resources to cover tax reductions should be considered after the economy begins to recover.

On an idea calling on the LDP to join the coalition, Mori said "the LDP will not move to join (the framework of the coalition)."

Earlier, the LDP Secretary General told reporters that the coalition partners should have consolidated their opinions before the announcement because the system deeply affects the people.

The new tax plan was part of the government's expected pump-priming package worth 15 trillion yen designed to lift the economy out of the worst recession in the postwar era.

Ryutaro Hashimoto, chairman of the LDP's Policy Affairs Research Council, also lashed out at Hosokawa, saying, "how is Hosokawa feeling about the significance and the responsibility of the remarks (he) made at the press conference?"

"I will pursue (this matter) in the Diet," he said at a press conference in Miyazaki, western Japan.

Hashimoto, a former finance minister, also expressed concern that the scrapping of the new indirect tax plan could affect the summit talks between Hosokawa and U.S. President Bill Clinton next week. [passage omitted]

Agreement To Postpone Decision

OW0402134994 Tokyo KYODO in English 1342 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Top policy-making officials of the ruling coalition agreed in a meeting Friday [4 February] to postpone a final decision on an outline of fiscal 1994 tax reforms until Wednesday if agreement is delayed on tax cuts and ways of financing them, coalition officials said.

The decision had earlier been expected on Tuesday.

Finance Ministry officials who were present at the meeting said the ministry will be still able to publish its budget draft for the year beginning next April 1 even if the decision is delayed until Wednesday.

Controversy Delays Economic Plan

OW0402085894 Tokyo KYODO in English 0843 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—The coalition government of Prime Minister Morihiro Hosokawa has now postponed the announcement of the new economic stimulus package until Monday, Chief Cabinet Secretary Masayoshi Takemura said Friday [4 February].

"The economic stimulus package cannot be compiled without resolving the tax reform issue," the top government spokesman told an evening news conference.

The government was originally scheduled to unveil Thursday evening an economic package featuring a 6 trillion yen tax cut. [new graf]

Earlier Friday, coalition leaders agreed to start anew debate over Hosokawa's proposal Thursday to introduce a new 7 percent indirect tax while carrying out the tax cut.

Hosokawa asked the coalition leaders to try once again to reach consensus on the new tax plan.

Business Concerned Over Economic Package Delay

OW0402120994 Tokyo KYODO in English 1153 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Business leaders expressed concern Friday [4 February] over a delay in finalizing a much-awaited package of stimulative measures aimed at buoying the stagnant economy.

The government of Prime Minister Morihiro Hosokawa and ruling coalition parties had planned to adopt the package this week, but political turmoil over tax issues has forced a delay at least until Monday.

Gaishi Hiraiwa, chairman of the powerful Federation of Economic Organizations (Keidanren), said, "there is no time to spare in implementing a comprehensive stimulative package, including a major income tax cut."

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), said "economic recovery will come later than expected."

He said Hosokawa may come under strong pressure from the United States to implement an income tax cut when he meets President Bill Clinton in Washington on February 11.

"The most urgent task facing the government and coalition parties is to get the weak economy back in good shape as soon as possible while keeping political reforms from retreating any further," Nagano said.

In this connection, Tadahiro Sekimoto, president of electronics giant NEC Corp., called on Hosokawa to show strong leadership.

Two Upper House Groups Merge Into 'Force'

OW0402135494 Tokyo KYODO in English 1336 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—Two ruling parliamentary groups in the House of Councillors merged Friday [4 February] into a 37-member force and reported the merger to the upper house Secretariat, members said. The new group named "Shin-Ryokufu-Kai," or "New" Ryokufu-Kai, is the third largest parliamentary group in the upper house after the opposition Liberal Democratic Party (LDP) and the Social Democratic Party (SDP), the largest party in the ruling coalition.

A 27-member upper house alliance of the Japan New Party (JNP), Shinseito [Japan Renewal Party] and the Democratic Reform Party (DRP) got together with an 11-member group comprising the Democratic Socialist Party (DSP) and the Sports Peace Party. Eiji Suzuki, a member of the 11-member group, did not join the new team and became independent, the members said.

The new alliance will hold all-member discussions every week, they said.

However, the group will not bind members by its decisions, said Kanpei Matsuo of Shinseito who heads the alliance. He said the team was named after "Ryokufu-Kai," a defunct powerful upper house group of independent legislators which existed shortly after the end of World War II.

The new group will ask upper house SDP and Komeito members to join in, with a view to supporting the coalition government, the members said.

In the 252-seat upper house, the LDP now has 95 seats, the SDP 71, Shin-Ryokufu-Kai 37, Komeito 24, the Japanese Communist Party 11, the Niin Club five and independents nine.

Complaint Filed Against Ozawa Over Donation

OW0402090894 Tokyo KYODO in English 0811 GMT
4 Feb 94

[Text] Tokyo, Feb. 4 KYODO—A group of 23 private individuals filed a complaint with public prosecutors against Shinseito [Japan Renewal Party] co-leader Ichiro Ozawa on Friday [4 February], accusing him of illegally receiving a 5 million yen political donation in December 1992.

The group also lodged accusations with the Tokyo District Public Prosecutors Office against four accountants of Ozawa's fund-raising bodies and a former executive of a major construction firm who allegedly passed on the 5 million yen.

The group's written complaint accused Ozawa and the other five of violating the Political Funds Control Law.

Ozawa, former secretary general of the Liberal Democratic Party (LDP), has denied allegations he regularly received illegal donations from the major general contractor over the past few years, including the 5 million yen in December 1992.

But Shinji Kiyoyama, 67, a senior vice president of Kajima Corp., has acknowledged to prosecutors that Kajima gave Ozawa donations of 5 million yen twice a year—in midsummer and at the year-end—for two or three years, prosecution sources have said.

Kiyoyama is under arrest on suspicion of giving a 20 million yen bribe to then Ibaraki Gov. Fujio Takeuchi to get favorable treatment for Kajima in bids for prefectoral public works projects.

According to the plea of complaint, Ozawa and the four accountants did not list the scandal-plagued Kajima Corp. in his reports of spending and revenues on political donations despite receiving more than 1 million yen in donations from the firm.

The Political Funds Control Law prohibits politicians from receiving more than 1.5 million yen a year from any single individual or corporation and also requires politicians to report the names of donors of 1 million yen or more at any one time.

Early last November, Ozawa told reporters he accepted the 5 million yen from Kajima as a legal political donation and denied allegations he regularly received illegal contributions from the leading contractor over the past few years.

Several of his political organizations received money from Kajima and formally issued receipts for the money, Ozawa said.

Space Agency Successfully Launches H-2 Rocket
*OW0302225694 Tokyo KYODO in English 2240 GMT
3 Feb 94*

[Text] Tanegashima, Kagoshima Pref., Feb. 4 KYODO—Japan's Space Agency on Friday [4 February] launched the country's first fully domestically developed rocket from its space center in southern Japan.

The H-2 series rocket lifted off from the National Space Development Agency's Tanegashima Space Center at 7:20 A.M. [2220 GMT].

The launching had originally been set for Tuesday but was postponed until Friday because of bad weather and a faulty air duct that came loose.

Satellite Launched During Flight

*OW0402034694 Tokyo KYODO in English 0332 GMT
4 Feb 94*

[Text] Tanegashima, Kagoshima Pref. [Prefecture], Feb. 4 KYODO—Japan's first fully domestically developed rocket, the H-2, blasted off successfully on its maiden flight Friday [4 February], putting an unmanned prototype space shuttle into circular orbit, the state space agency said.

After one pass around the earth at an altitude of about 450 kilometers, the experimental space shuttle code-named Orex splashed down as planned two hours 10 minutes later about 460 kilometers south of Christmas Island in the mid-Pacific, said officials of the National Space Development Agency (NASDA).

The mission has put Japan among the leading nations in rocket technology, opening up prospects for potential commercial satellite launches, NASDA officials said.

Engineers at Tanegashima Space Center in southern Japan cheered when the rocket ignited and took off from the center's launch pad at 7:20 A.M. [2220 GMT], leaving a thick orange condensation trail in the morning sky.

The lift-off was delayed by 20 minutes because a ship unexpectedly entered the area where the H-2's solid rocket boosters were to plunge down after the launch.

Originally the lift-off had been set for Tuesday but was postponed until Friday because of bad weather and a faulty air duct that came loose.

The rocket released the 860-kilogram cone-shaped Orex from inside the payload fairing at the top part of the rocket some six minutes after the launch.

Fourteen minutes later, the H-2 delivered a 2.4-ton satellite, called vehicle evaluation payload (VEP), into a high-altitude orbit, where it will circle the earth for four days to confirm launch performance.

On reentering the atmosphere, Orex conducted various tests that will help in research and development of a future unmanned space shuttle called Hope, expected to be launched around 2005.

Compared with its predecessors, which contained a number of foreign-made components, the two-stage H-2 rocket has a bigger engine and can carry a bigger payload.

Due to an improved fuel tank and fairing, the H-2 is only half as heavy as the European-developed Ariane-4 rocket, but reportedly equals its capability.

The 50-meter-long H-2 can deliver a single two-ton satellite into geostationary orbit.

For the first stage the H-2 uses a newly developed liquid-hydrogen rocket engine called LE-7, which is said to be more powerful than previous versions, and is claimed to rival the engine of the U.S. space shuttle.

The H-2 has so far cost some 270 billion yen to develop. Preliminary testing began in 1985, and NASDA started actual development testing in 1986.

The initial goal of launching the first H-2 rocket in early 1991 was revised when scientists said it required more advanced technology.

The U.S. National Aeronautics and Space Administration (NASA) has said it will use an H-2 to launch a satellite to measure rainfall in the tropics in 1997.

At present the high cost of the H-2, which at 19 billion yen—including launching fees—is five times higher than for a satellite launch by Ariane, are the obstacle to widespread use of the rocket in commercial projects, officials said.

To increase Japan's competitiveness in the international rocket market production costs must be substantially reduced, they said.

Two-Hour Space Mission Completed

*OW0402011294 Tokyo KYODO in English 0100 GMT
4 Feb 94*

[Text] Tanegashima, Feb. 4 KYODO—Japan's first domestically developed rocket successfully completed a two-hour space mission Friday [4 February] delivering an unmanned prototype space shuttle into a circular orbit, the National Space Development Agency [NASDA] said.

After one pass around the earth at an approximate altitude of 450 kilometers, the experimental space shuttle code-named Orex splashed down as planned, 2 hours and 10 minutes after liftoff, about 460 kilometers south of Christmas Island in the mid-Pacific.

The successful conclusion of the first H-2 series rocket mission catapults Japan among the forerunning nations

in rocket technology, opening broad prospects for the launching of commercial satellites, NASDA officials said.

Heralds 'Aerospace Independence'

OW0402112994 Tokyo KYODO in English 0927 GMT 4 Feb 94

["News Analysis" by Isao Ikariya: "H-2 Rocket Launch Heralds Japan's Aerospace Independence"]

[Text] Tokyo, Feb. 4 KYODO—The success of the H-2 rocket's maiden flight Friday [4 February] ushers in an era of Japan's independence in aerospace, paving the way for the nation's entry into the commercial satellite launching business.

The 50-meter, two-stage rocket is the first major space vehicle developed and manufactured entirely in Japan, freeing Japan's aerospace industry after decades of heavy dependence on U.S. technology.

Previous Japanese rockets used U.S. technology under a licensing agreement that bans launches of third-nation satellites.

The orange and yellow H-2 rocket blasted off early Friday at Tanegashima Space Center in southwestern Japan after a three-day delay due to bad weather and technical snags.

As scheduled, the rocket released a dish-shaped payload called the Orbital Reentry Experiment (OREX) about 15 minutes after blastoff, successfully having it reenter the atmosphere to gather data for developing a Japanese version of the U.S. space shuttle.

Prime Minister Morihiro Hosokawa issued a statement hailing the successful launch of the H-2 rocket as "creating new prospects for the 21st century."

Tomifumi Godai, chief of the National Space Development Agency of Japan (NASDA), said the successful liftoff of the H-2 rocket put an end to "a quarter-century approach run" to catch up with the United States and other aerospace leaders.

"Now we mark the beginning of activity to lead the world," Godai told a press conference.

Masato Yamano, NASDA director in charge of the launch of the H-2 rocket, described the two-hour space mission as a great step forward toward space development.

"The successful launch of the H-2 rocket demonstrates the practicality of our technologies developed to date and is a great achievement toward developing a transport system to promote diversified space activities," Yamano said.

The H-2 rocket, Japan's first rocket capable of launching large communications and earth observation satellites,

was developed by Rocket Systems Corp. (RSC), a consortium of more than 70 companies led by Mitsubishi Heavy Industries Ltd., at a cost of 270 billion yen.

The technological centerpiece of the rocket is the first-stage engine, the LE7, modeled on the U.S. space shuttle engine and considered one of the world's most sophisticated rocket power drives.

But due to the complexity of the LE7 engine that runs on liquid hydrogen and oxygen, the first launch of the H-2 rocket was two years behind schedule as a series of accidents delayed the project, including an explosion in 1991 that killed an engineer and a fuel leak in 1992 that burned an engine in test running.

People involved in the H-2 rocket development said the launch was a complete success, but acknowledged there are many problems to be overcome before Japan can get a foothold in the satellite-launching business.

The biggest problem is to make the H-2 competitive in the international satellite-launching market, currently dominated by the European consortium Arianespace and General Dynamics Corp. of the United States.

The H-2 rocket costs some 19 billion yen, including launching expenses, which makes it 1.5 to two times more expensive than its U.S. and European counterparts.

But NASDA and RSC officials are looking to make up for the price disadvantage with a reputation for reliability.

"We could offset such a price gap if we increase reliability," an RSC official said.

There are still nontechnical hurdles, such as a pact with fishermen around Tanegashima Island.

The agreement allows launches only in the January-February and August-September periods, because the launches disrupt fishing activity, meaning only two rockets can be launched a year.

"I wonder if we could have rocket launches in better seasons such as spring and autumn," one NASDA official said.

North Korea

Paper Decries DLP Chairman's Support for Patriots

SK0402044194 Pyongyang KCNA in English 0417 GMT 4 Feb 94

["Sophism for Justifying Deployment of Patriot Missiles in S. Korea"—KCNA headline]

[Text] Pyongyang, February 4 (KCNA)—Kim Chong-pil, "chairman of the Democratic Liberal Party [DLP]" of South Korea, told a press conference on February 1

that the deployment of U.S. Patriot missiles in South Korea will actually offer "no problem" in view of "defence."

Commenting on this, NODONG SINMUN today says his remarks are intolerable treacherous sophism unacceptable to anyone.

The traitor Kim Chong-pil's sophism fully revealed the bellicose and treacherous nature of the "civilian" regime and the "DLP" of South Korea, the analyst notes, and stresses:

Kim Chong-pil, a special-class flunkeyist traitor and warmaniac, is the first target of reforms in South Korea.

His utterances proved again that the Kim Yong-sam regime seeking dependence on outside forces, division and war, not national independence, peace and reunification, must be overthrown.

We have warned more than once that if the Kim Yong-sam group dare to seek the provocation of a war, the "civilian" following the aggressive war moves of outside forces, the civilian regime would meet its miserable doom.

The South Korean "civilian" warmaniacs must look squarely at the situation and act with discretion.

Radio Reports U.S. Conducts Bombing Exercises

*SK0402134194 Pyongyang Korean Central
Broadcasting Network in Korean 1214 GMT 4 Feb 94*

[Text] According to a military source, the U.S. imperialists dragged in formations of fighter planes in the skies of the South Korean region from their overseas base on 3 February and carried out long-range bombing exercises aimed at the northern half of the Republic.

On the same day, an electronic jamming plane [chonja-jangaegi], which flew into the skies of the regions of Yongwol and Pyongchang from Japan's (?Yokosuka) base, created electronic jamming in this region. Also, they were running amok in the concentrated attack exercise of invading the skies of the operational regions by formations of pursuit assault planes and vertical take-off and landing assault crafts which took off from an overseas base.

This very provocative war exercise was playing with fire to enhance the capability of unexpected attack amid electronic jamming.

Also on this day, the South Korean puppets continuously mobilized and deployed some 20 tanks and 300 armed hooligans from Manu-ri toward Cjok-ri, Paju County, Kyonggi Province. In addition, they kicked up a commotion of dragging in and assembling large-caliber guns in the whole area of (Kagong)-ri, Inje County, Kangwon Province, South Korea to the DMZ of the Military Demarcation Line.

2 Feb U.S.-ROK 'Air War Exercise' Reported

*SK0402042094 Pyongyang KCNA in English 0404
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—The U.S. imperialists and the South Korean, puppets staged a joint air war exercise in the skies above Tanyang, Yongwol, Kunwi and Chunchon, South Korea on February 2 to test the feasibility of a unified command by the E-3 early warning plane and increase the capability of a surprise strike at the North, according to military sources.

Some 350 warplanes including F-16, F-15, F-4, F-5 and A-10 participated in the exercise.

Timing to coincide with this exercise, a formation of Okinawa-based refuelling tankers KC-135 refuelled scores of fighter bombers in the skies above Kwangju and Kunsan, South Korea, inciting the war atmosphere.

Reunification Committee Condemns War Exercises

*SK0402044494 Pyongyang KCNA in English 0438
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland issued information No. 642 Thursday.

The information says:

At a time when the bellicose quarters of the United States threatened to take "sanctions" against the Democratic People's Republic of Korea after setting a deadline under the pretext of "nuclear arms development" by the DPRK, the U.S. imperialist aggression forces and the South Korean puppet Army have staged an unbroken chain of war exercises and military provocations against the DPRK. This is very dangerous moves.

The U.S. and South Korean warmaniacs are scheming to introduce Patriot missiles into South Korea as part of their attempt to overpower the DPRK militarily. They have brought into South Korea and set in motion a "U.S. state intelligence-supporting team" for war preparations to "intensify espionage on the North."

All these ill-boding military moves indicate that the war preparations of the United States and the South Korean rulers have got into full stride and they are now going to take a practical military action by inventing a pretext.

If the U.S. and South Korean hardline conservatives attempt to frighten the DPRK with military threat it is a foolish act.

We have already solemnly stated that we are prepared either for dialogue or for war.

If the U.S. and South Korean bellicose circles persistently seek military adventures, ignoring the DPRK's patient efforts for peace, they will be held fully responsible for the grave situation created by them.

Daily: Kim Yong-sam To Meet 'Miserable End'*SK0402105594 Pyongyang KCNA in English 1045
GMT 4 Feb 94*

["Repression Will Only Precipitate Destruction of Puppet"—KCNA headline]

[Text] Pyongyang, February 4 (KCNA)—A NODONG SINMUN analyst today says it is inevitable that the Kim Yong-sam puppet clique meet a miserable end by the massive resistance of the people.

Recalling that the Kim Yong-sam group incriminated peasants' rally held on February 1 to check the rice market opening and has countered it with ruthless fascist suppression, the news analyst says:

The traitor Kim Yong-sam who deserves stern punishment by the people for his arch crimes is exasperatingly brandishing the sword against the people, growling. This tells that the Kim Yong-sam group is, indeed, a pack of despicable and wicked traitors who are lost to human reason and without an iota of national conscience.

Always miserable was the end of the successive traitors who attempted to find a way out through ruthless suppression.

Brutal suppression by the traitor Kim Yong-sam will only touch off a fiercer resistance of the South Korean people who rose to overthrow the "civilian" regime.

Daily Criticizes South's 'Flunkeyist Treacheries'*SK0402111394 Pyongyang KCNA in English 1056
GMT 4 Feb 94*

["Flunkeyist and Traitorous Regime Must Be Toppled"—KCNA headline]

[Text] Pyongyang, February 4 (KCNA)—The traitor Kim Yong-sam finds himself in the lot of a miserable dog forsaken by the South Korean people although it is less than one year since he seated himself at the helm of power as "president" of the "civilian regime", because the treacherous crimes he has committed against the people are too diabolic and hideous, says a NODONG SINMUN analyst Thursday.

One of the traitor Kim's crimes is that he has bartered away the national interests, rushing headlong along the road of dependence on foreign forces, the news analyst says and goes on:

Whenever an occasion offered itself, such as "summit talks" and "security consultative meeting" with its American master, his clique begged them to shelve the "U.S. troop cutback plan" and did not hesitate to sell off the national interests for this purpose.

The puppets have committed criminal acts, prettifying the U.S. forces as a "war deterrent", "apostle of peace".

It is the traitor Kim Yong-sam who promised the American master behind closed doors to open the rice market and finally signed the memorandum of agreement on the opening. The rice market opening will drive the South Korean agriculture to total bankruptcy, cut off the life-line of the six million peasants and exert a catastrophic influence on the economy as a whole.

The pro-Japanese flunkeyist treacheries of the puppets are arch crimes putting their predecessors into the shade.

The traitor Kim absolved Japan of its past crimes and made a clean sheet of the question of compensation to the "comfort women for the army", crying for "establishment of new South Korea-Japan relations" not bound to the past, and committed a criminal act of flinging the door open wider for its economic reinvasion.

All the more hideous is the fact that he has been trying to do harm to fellow countrymen with the help of foreign sword.

Raising a hue and cry over the fiction of "suspected nuclear development of the North", the puppets have left no stone unturned in a bid to stifle the North in league with foreign forces.

They have raised the North's "nuclear problem" at the UN and other international organisations to seek "pressure" and "sanctions" against the North.

Facts vividly show how many treacherous crimes the traitor Kim has committed during not a long period of his office.

The people will never pardon the group of traitors to the nation.

South Peasants Demand Renegotiation on Rice*SK0402122894 Pyongyang KCNA in English 1033
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—South Korean peasants and civic organisations including the National Council of Peasants Organisations called a joint press conference in Seoul on February 2 for "saving our agriculture" and strongly demanded that the puppet authorities renegotiate the opening of the market of farm products with the United States, according to a radio report from Seoul.

The organisations shared the view that if impasse was solved at the Uruguay Round talks, South Korean agriculture would be driven to the hopeless doom of bankruptcy. They declared that they would hold civic rallies in 10 areas of South Korea including Seoul from February 5 to urge renegotiation on the Uruguay Round of multi-lateral trade relations.

Geneva Mission Chief Speaks at Arms Meeting

*SK0302155694 Pyongyang Korean Central
Broadcasting Network in Korean 1508 GMT 3 Feb 94*

[Text] The chief of the DPRK Permanent Mission to the UN Secretariat and International Agencies in Geneva delivered a speech at a Geneva arms control meeting now being held in Switzerland.

During his speech, he said that the DPRK and the United States released a joint statement on the principles which the two sides discussed and reached agreement on in the talks and that talks and contacts have taken place to implement the joint statement.

Referring to the details of the DPRK-U.S. joint statement, he said that based on the principle of the joint statement, on which the agreement was reached, we have up until today taken practical measures to fairly resolve the nuclear issue on the Korean peninsula and made sincere efforts to implement the joint statement.

He went on to say: The DPRK has unilaterally, temporarily suspended the effectuation of its declaration on withdrawing from the Nuclear Nonproliferation Treaty and resumed dialogue with the International Atomic Energy Agency. Even under special circumstances, to implement its promise to prove the transparency of its nuclear activities, the DPRK has completely frozen the movement of nuclear materials in its territory and even accepted inspections for guaranteeing the continuity of safeguards. In particular, to fundamentally bring an end to suspicions over our nuclear development, we have even taken a bold decision to replace the existing graphite-moderated atomic reactors with light-water reactors even at the cost of the independence of our nuclear power industry. However, we have not seen any corresponding practical action by the United States [kurona urinun miguk chuguro puto silchonjoguro hounkul patchi mothayossumyo], and the recent situation is developing toward the extreme opposite direction. This is completely due to the insincere, unjust acts of the United States, the dialogue partner.

He stated a DPRK Foreign Ministry spokesman released a statement on 31 January in connection with the prevailing situation. He introduced the details of the statement.

Russian Ambassador to DPRK on Nuclear Issue

*SK0402064694 Pyongyang Korean Central
Broadcasting Network in Korean 0505 GMT 4 Feb 94*

[Text] On 1 February a news conference was held at our country's embassy in Russia concerning the 31 January statement by a Foreign Ministry spokesman. Present at the conference were reporters from newspapers, news agencies, and radios of Russia.

Son Song-pil, ambassador of our country, made a statement at the news conference. He explained the details of the Foreign Ministry statement. He pointed out that the

nuclear problem on the Korean peninsula has been raised as a grave issue today because the United States, deploying more than 1,000 nuclear weapons to South Korea, staged commotions about suspicions of our non-existent nuclear arms development and has intensified the nuclear threat to us now more than ever before.

He said: The great leader Comrade Kim Il-song in his New Year address taught that the reason our nuclear issue is loudly talked about by the United States and its followers is a result of the antisocialist and anti-Republic maneuvers persistently pursued by the United States.

Therefore, the nuclear problem on the Korean peninsula is an issue that should be resolved only through talks between us and the United States. With a view to evading such responsibility, however, the United States insists that the nuclear problem on the Korean peninsula be resolved between the North and the South of Korea, and between us and the International Atomic Energy Agency.

The United States, being unable to stand our principled demand any longer, was compelled to come forward to negotiate with us.

He pointed out that a joint statement, which had affirmative significance in resolving the nuclear problem on the Korean peninsula, was announced during the first round of DPRK-U.S. talks last year, after which a certain progress was made in the second round of DPRK-U.S. talks.

He continued: As the result of 18 rounds of working-level contacts between the DPRK and the United States, the two sides have reached an agreement on basic issues. We agreed that the United States will suspend the Team Spirit joint military exercise and we will accept limited-scope [chaehandoen pomwieso] nuclear inspections to ensure the continuity of safeguards. We agreed to discuss the package solution plan, which we raised, during the forthcoming third round of DPRK-U.S. talks.

However, the United States, at a decisive moment when a bright vista for a complete resolution of the nuclear issue of the Korean peninsula is being opened up, is leading the situation to a catastrophe by overturning agreements made with us. This is not only a flagrant infringement of the agreements made at the DPRK-U.S. talks, but is also a shameless breach of faith against the dialogue. As the conditions under which we had to withdraw from the Nonproliferation Treaty still remain, the word of full-scope inspection, as well, is inconceivable.

Not only this, the United States is continuing military conspiratorial plots against us behind the scene of the talks. The United States is scheming to stage another type of military exercise in case the Team Spirit joint military exercise is not staged and to deploy Patriot missiles to South Korea.

All facts clearly show that the new war provocation maneuvers in South Korea are more unscrupulous and that the United States has no intention to resolve the nuclear issue on the Korean peninsula by peaceful means and is also tenaciously running wild to crush [apsal] our Republic.

We cannot overlook such pressure and threats by the United States, nor can we yield to them. In this connection, the spokesman of the Ministry of Foreign Affairs of our country expressed, in a statement, our principled stance.

In the statement the Ministry of Foreign Affairs spokesman warned that if the United States reneges on promises made to us, we will not be bound to the promises made to the United States; that if the United States has no intention to hold DPRK-U.S talks, we will not try to hold them either; and that if the United States chooses another way, we will take a commensurate countermeasure.

We are fully prepared to respond to dialogue with dialogue and to war with war. [urinun taehwaenun taehwuro chonjaengenun chonjaenguro taedaphal mandanui chunbiga toeoitta]

The United States should renounce the delusion that only it has the right of choice and to act discreetly.

Then, he answered questions raised by reporters.

Statement Issued on Japan's Nuclear Arms

SK0402112694 Pyongyang KCNA in English 1111 GMT 4 Feb 94

["DPRK Foreign Ministry Spokesman Warns Against Japan's Nuclear Armament That Has Reached a Dangerous Phase"—KCNA headline]

[Text] Pyongyang, February 4 (KCNA)—A spokesman for the DPRK Foreign Ministry issued a statement today regarding Japan's design to produce nuclear weapons by securing plutonium by itself.

The statement says:

According to reports, Japan will soon ignite monju, its first fast breeder reactor. This is an undisguised attempt of Japan to secure quantities of plutonium by itself and produce nuclear weapons any moment.

The annual capacity of the reprocessing plant of Japan is 800 tons, the biggest in the world. When it goes into full operation by the end of the present century, Japan will rank third in the world in reprocessing capacity after the United States and France.

Even according to data released by the Japan science and technology agency, it has already stockpiled 1.6 tons of plutonium at home and 2.9 tons abroad and will possess 50 tons of plutonium at all times by 2010, an amount enough to make more than 6,200 nuclear bombs.

Japan has already developed not only electronic detonating device and other elements for the manufacture of nuclear bombs and their technologies but also long-range means of nuclear delivery that can be used as intercontinental ballistic missiles.

Facts tell that Japan's nuclear armament now has reached a dangerous phase.

In view of the tense situation in which Japan's nuclear armament is being stepped up around the Korean peninsula in real earnest, we cannot but follow such developments with vigilance.

Japan's stepped-up nuclear armament means creating an obstacle to the process of denuclearization on the Korean peninsula.

Denuclearization of Northeast Asia must be realized if peace and security free from nuclear weapons are to be guaranteed substantially in this region including the Korean peninsula. To this end, not only Asia but the rest of the world should pay due attention to Japan which is capable of possessing nuclear weapons and moving in that direction.

Denuclearization of Northeast Asia should lead to a total elimination of nuclear weapons worldwide.

Radio Carries 'Press Statement'

SK0402135794 Pyongyang Korean Central Broadcasting Network in Korean 1305 GMT 4 Feb 94

[Text] A DPRK Foreign Ministry spokesman issued a press statement [tamhwa] today in connection with the fact that Japan will soon ignite Monju, its first fast breeder reactor.

Press statement by a DPRK Foreign Ministry spokesman:

According to reports, Japan will soon ignite Monju, its first fast breeder reactor. This is an undisguised attempt by Japan to secure quantities of plutonium by itself and produce nuclear weapons at any moment. The annual capacity of the reprocessing plant of Japan is 800 tons, the biggest in the world. When it goes into full operation by the end of the present century, Japan will rank third in the world in reprocessing capacity after the United States and France. Even according to data released by the Japan science and technology agency, it has already stockpiled 1.6 tons of plutonium at home and 2.9 tons abroad and will possess 50 tons of plutonium at all times by 2010, an amount enough to make more than 6,200 nuclear bombs.

Japan has already developed not only an electronic detonating device and other elements for the manufacture of nuclear bombs and their technologies but also has long-range means of nuclear delivery that can be used as intercontinental ballistic missiles. Facts show that Japan's nuclear armament now has reached a dangerous phase.

In view of the tense situation in which Japan's nuclear armament is being stepped up around the Korean peninsula in earnest, we cannot but follow such developments with vigilance. Japan's stepped-up nuclear armament means creating an obstacle to the process of denuclearization on the Korean peninsula. The denuclearization of Northeast Asia must be realized if peace and security free from nuclear weapons are to be guaranteed substantially in this region, including the Korean peninsula. To this end, not only Asia but the rest of the world should pay due attention to Japan which is capable of possessing nuclear weapons and moving in that direction.

The denuclearization of Northeast Asia should lead to a total elimination of nuclear weapons worldwide.

Daily Warns Japan Against Aggression, War
SK0402110294 Pyongyang KCNA in English 1050
GMT 4 Feb 94

["Samurai's Dream of Aggression on Korea"—KCNA headline]

[Text] Pyongyang, February 4 (KCNA)—The former chairman of the Joint Staff Council of the Self-Defence Forces, and a new advisor to the Defence Agency of Japan, Sakuma, in his lecture before military officials some time ago, prattled that deep studies should be made in advance to be prepared for "an emergency on the Korean peninsula."

Commenting on this, NODONG SINMUN today says that the Japanese reactionaries overheated in their ambition for reinvasion are trying to move up the time of action.

The news analyst says:

"Studies of an emergency on the Korean peninsula" proposed by Sakuma may be called a plan for a Korean war in the 90s after the end of the Cold War.

Such move of Japan is all the more grave because it is timed to coincide with the intensified activities of the United States and the South Korean puppets for a war against the North. Its gravity lies in that Japan has been put in the position of "a party concerned" with a new Korean war.

The Japanese reactionaries have chosen the Korean peninsula as the first target of their military aggression overseas.

Their haste in "studies of an emergency on the Korean peninsula", in fact, suggests that they, together with the South Korean puppets, are rounding off an operational plan to start a war of aggression in Korea and watching for a chance to carry it into practice.

The Korean people will never allow the repetition of the history of aggression by the Japanese imperialists and we

are prepared to resolutely react, if anybody attempt to infringe upon our sovereignty and dignity.

Japanese samurais must act with discretion, mindful that aggression and war will lead them to destruction.

Koreans in Japan Group Leader Criticizes U.S.
SK0402124794 Pyongyang KCNA in English 1023
GMT 4 Feb 94

["The U.S. and S. Korean Authorities Urged To Stop War Provocation Moves Against North"—KCNA headline]

[Text] Tokyo, February 2 (KNS-KCNA)—Kim Chong-su, chairman of the Association of Koreans in Japan for Peaceful Reunification, in a statement February 2 said that the scheme of the United States to introduce a military intelligence team and a large quantity of latest weapons into South Korea and stage massive military exercises are an unpardonable criminal act to further reduce South Korea not only to a colony and military base but also to a nuclear forward base and military intelligence centre of the United States and, for the present, bar the DPRK-USA talks and bring the situation on the Korean peninsula to the grave brink of war.

Noting that the United States has no intention at all to solve the nuclear issue of the Korean peninsula by peaceful means and still seek to stifle the DPRK with strength, he said:

"This is a shameless perfidy to the dialogue partner. The United States must immediately stop the reckless new war provocation moves and get out of South Korea without delay and the Kim Yong-sam puppet regime must unconditionally discontinue its flunkeyist treacheries and stop seeking North-South confrontation."

Foreign Papers Report 'Comfort Women' Issue
SK0402045194 Pyongyang KCNA in English 0428
GMT 4 Feb 94

[Text] Pyongyang, February 3 (KCNA)—Broad political and public circles of the world exposed the brutalities of the Japanese imperialists in drafting Korean women as "comfort women for the army", and strongly demanded apology and adequate compensation in this matter.

Seiji Yoshida, one of the Japanese responsible for the forcible drafting of "comfort women for the army," at a press interview said the then patriotic labor service bureau of great Japan was in charge of the forcible drafting of Koreans and he himself directly commanded the forcible drafting of some 1,000 "comfort women for the army".

The Belgian paper SOLIDAIRE said that during World War II the Japanese Army forcibly drafted Korean women and used them as its sexual playthings. After gratifying their carnal desire Japanese soldiers unhesitatingly committed brutal atrocities which would make

even beasts blush with shame, such as dismembering and burning them en masse, it said.

The Nepalese paper NAYA HANGK said that the drafting of nearly 200,000 Korean women as "comfort women for the army" is the most diabolic of the crimes committed by the Japanese imperialists.

The Japanese authorities must apologize to mankind for the sexual crimes and compensate to the Korean people, the paper wrote.

Ridi Alajandro, general secretary of the new progressive union of the Philippines, said Japan must be brought to justice for drafting a large number of Korean women and forcing them to serve as "comfort women for the army" during the Second World War.

The Malaysian paper NEW STRAITS TIMES said that Japan must immediately apologize for the criminal acts it committed against the "comfort women for the army" and pay adequate compensation to the victims. If Japan refuses this, it will face strong denunciation and a stern judgement by the world public, it said.

Meeting Marks Anniversary of Anti-Japan Struggle

*SK0402052794 Pyongyang KCNA in English 0413
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—A North Hamgyong provincial meeting was held in Chongjin on February 3 to mark the 60th anniversary of the historic conference of party and revolutionary organisations in the homeland convened and guided by the great leader President Kim Il-song.

Early in February 1934 during the anti-Japanese armed struggle, President Kim Il-song went to then Mipo-Myon, Onsong County, North Hamgyong Province, and called and guided the conference of party and revolutionary organisations in the homeland.

Yi Kun-mo, chief secretary of the North Hamgyong provincial committee of the Workers' Party of Korea and chairman of the North Hamgyong provincial people's committee, made a report.

The reporter said:

At the conference, the great leader set forth the task to forcefully conduct the work of building party organisations in close combination with the armed struggle and the mass struggle.

He also put forward the task to set up regional guidance organs such as district party committees in the regions where many basic party organisations had been formed and skillfully apply in party leadership principles and methods of underground work suited to the conditions of secret activities.

The great leader expounded the questions of thoroughly applying the principle of democratic centralism in party

leadership, ensuring the purity of the party ranks and their unity in ideology and purpose, extensively forming anti-Japanese mass underground organisations and fully ensuring their guidance by party organisations, enhancing the militant function and role of party organisations at all levels and giving effective assistance to the anti-Japanese guerrillas and guerrilla-held zones.

Indeed, the conference was a historic one which marked a new milestone in lifting the work of chuche-type revolutionary party building to a new higher stage and a significant one which gave a strong impetus to the development of the revolutionary movement as a whole.

Gambian, Guyanese Officials Favor Reunification

*SK0402044794 Pyongyang KCNA in English 0407
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—Gambian President Dawda Kairaba Jawara, receiving credentials from the DPRK ambassador on January 26, said reunification of Korea would bring benefits to Korea and the international community. He said he was deeply interested in the important and effective measures taken by the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il for a peaceful reunification of Korea.

Llewelyn John, leader of the People's Democratic Movement of Guyana, when he met with the DPRK ambassador to Guyana on January 24, voiced full support to the policy of the Workers' Party of Korea for the reunification of the country and expressed the hope that the nuclear issue on the Korean peninsula would be solved peacefully through DPRK-USA talks.

Saying the dear leader Comrade Kim Chong-il is a leader of the world, Llewelyn John noted that his outstanding leadership has enabled the Korean people to achieve a great victory in socialist construction, smashing all manner of pressure and challenges of the enemy.

Functions Held Abroad for Kim Chong-il's Birthday

*SK0402041894 Pyongyang KCNA in English 0402
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—Functions were held in various countries on the occasion of the birthday of the dear leader Comrade Kim Chong-il. The Makonde Group for the Study of the Chuche Idea in Chinhoyi, Zimbabwe, held an explanatory meeting on the ode written by the great leader President Kim Il-song on the 50th birthday of the dear leader. Chairman of the group Rni Masango recited the ode and explained its content. Comrade Kim Chong-il possessed of both literary and military accomplishments, loyalty and filial piety has performed undying exploits for the Korean revolution and the world revolution by leading the cause of chuche to a brilliant victory, he said.

A lecture on the subject "Kim Chong-il, military genius" was given at the cultural centre of the Democratic

People's Republic of Korea in Cairo, Egypt. A film show and photo exhibition took place at a youth hall in Mali and a DPRK film show at the international TV company of Spain. The Indian papers SAMACHAR POST and TAMAKA DARBAR carried the brief biography of Comrade Kim Chong-il.

Kim Chong-il Sends Books to Study House

*SK0402115894 Pyongyang KCNA in English 1028
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—The dear leader Comrade Kim Chong-il recently has sent more than 700 books of over 140 kinds to the Grand People's Study House on several occasions. They include books, picture albums, magazines and others helpful to improving the livelihood of the people and their cultural and intellectual level.

Comrade Kim Chong-il, saying that the Grand People's Study House, a centre for social education of the people, must have all kinds of books, sent a large number of books including socio-political books, literary and art books and latest scientific and technological data.

The books sent by him to the study house up to date number more than 172,000 of over 76,700 kinds.

Kim Chong-il Sends Thanks to Artists, Others

*SK0402045894 Pyongyang KCNA in English 0433
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], extended thanks to the creative workers of the Korean People's Army art studio, leading officials and researchers of Kim Hyong-chik University and servicemen of the Han Chae-sun's unit of the KPA.

The creative workers of the studio had been highly praised by the dear leader Comrade Kim Chong-il for creating excellent fine art works such as the Korean germ painting "looking back on the spring of an alien land", the oil painting "first footprints in the secret camp on Mt. Paektu" and the Korean painting "General Kim Chong-il is the destiny of ours".

The leading officials and researchers of Kim Hyong-chik University had succeeded in doubling the efficacy of medicines, thus making it possible to cure diseases successfully and save quantities of medicaments.

The officers and men of the Han Chae-sun's unit of KPA had helped coal miners in a drive for increased production.

The speakers at the thanks-conveying meetings pledged to become rifles and bombs in defending the supreme commander with death in any adversity, wholeheartedly upholding and following him as the mental support, cherishing this honor and happiness.

Anniversary of Chuche Idea Proclamation Marked

*SK0402050994 Pyongyang KCNA in English 0422
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—A symposium of pressmen took place here on February 3 to mark the lapse of 20 years since the programme of modelling the whole society on the chuche idea was proclaimed.

The dear leader Comrade Kim Chong-il published an immortal classical work on February 19, 1974, proclaiming the modelling of the whole society on the chuche idea to be the supreme platform of the party.

Speakers at the symposium said the revolutionary practice of the last two decades shows that the supreme platform of the party is an immortal programme which has brought about signal changes and a great victory in the party building and activities as a whole and in all domains of the revolution and construction, and a great banner which has effected a tremendous change in the building of press media of the party.

They pointed out that after proclaiming the programme of modelling the whole society on the chuche idea, the dear leader published a historical work elucidating the party's chuche-based idea of publication and news service on May 7, 1974, thereby performing an immortal exploit in the building of chuche-type media.

They recalled that the dear leader has led the press media to make true contributions to accomplishing the cause of modelling the whole society on the chuche idea by kindling the flames of revolutionization of newspapers, news services, broadcasting and publications.

They stressed the need to make a deeper study of the profound idea and theory laid down in the programme of modelling the whole society on the chuche idea and make new success in the publication and news service in response to the New Year address of the great leader Comrade Kim Il-song and the letter sent by the dear leader Comrade Kim Chong-il to the participants in the 7th Congress of the Korean Journalists Union.

Study of Chuche Idea Magazine No. 63 Published

*SK0402122194 Pyongyang KCNA in English 1030
GMT 4 Feb 94*

[Text] Pyongyang, February 4 (KCNA)—The International Institute of the Chuche Idea published magazine Study of the Chuche Idea No. 63.

The magazine carries the immortal famous work of the great leader President Kim Il-song "non-aligned information services must contribute to the people's cause of independence" and his reminiscences "With the Century".

Edited in the magazine are an editorial article headlined "Idea of Collectivism, Vital Power of Socialism" and treatises titled "Chuche Idea, Socialist Idea Centering on the Popular Masses," "Independence, Life and Soul of

Sovereign and Independent State and Basis of All International Relations" and so on.

South Korea

DPRK Envoy: No Immediate Accord on Inspections

SK0402125994 Seoul KBS-1 Television Network in Korean 1219 GMT 4 Feb 94

[Text] North Korea said today that there is no possibility that an agreement will be reached immediately on the International Atomic Energy Agency's full-scope inspections [chonmyon sachal] of its nuclear facilities [haek sisol].

(Yun Ho-chin), a counselor at the North Korean Embassy in Vienna, said: There is no possibility now that the two sides will iron out their conflicting views, and we will not accept the demand that we clarify everything [modungussul punmyonghui palkiranun yogu].

U.S. Reportedly in 'Communication' With DPRK

SK0402005094 Seoul YONHAP in English 0032 GMT 4 Feb 94

[Text] Washington, Feb. 3 (YONHAP)—The U.S. State Department acknowledged Thursday that the United States has been in contact with North Korea since the last publicly reported meeting on Dec. 29 and said that Washington knows where Pyongyang stands on the nuclear issue.

The official statement by the office of the department spokesman is drawing keen interest as it was issued in an extremely tense atmosphere that has gripped the U.S. capital with regard to the North Korean nuclear question.

The statement also came shortly after Billy Graham, visiting Pyongyang, delivered a verbal message from U.S. President Bill Clinton to North Korean leader Kim Il-song, and the American evangelist was reported Thursday to have "urgently relayed" Kim's reply to Clinton.

Asked whether there has been any contact with North Korea, the office of the department spokesman said, "there was no meeting since Dec. 29, but there has been communication with them."

One official at the office stressed that "we know what their opinions (on the nuclear issue) are."

But "at the present time," he said, "the U.S. Government has no plans to contact them to deal with practical problems."

On the stalled negotiations between North Korea and the International Atomic Energy Agency (IAEA) on nuclear inspections, the U.S. Government has stated that it will not get involved.

Meanwhile, Cable Television News Network (CNN) reported Thursday that Kim Il-song, during his meeting with Billy Graham, expressed hope that the nuclear issue would be resolved.

Commenting on Kim Il-song's reply to Clinton, an official at the White House said Thursday he has nothing new to report on the North Korean nuclear problem.

U.S. congressional sources, well informed on affairs at the White House, said that members of the National Security Council must be analyzing Kim's message. The White House will then need time to consult with congressional leaders, they said.

In a related development, the State Department confirmed Thursday that North Korea's ambassador to the United Nations, Pak Kil-yn, and his wife have arrived in Washington from New York to attend a national breakfast prayer meeting.

U.S. officials who are scheduled to attend the prayer meeting, however, have no plans to confer with Pak, department officials said.

The officials, recalling that Pak attended a similar meeting last year, said no significance should be attached to his attendance this year.

ROK, DPRK Envoys Meet in Washington 3 Feb

SK0402030894 Seoul HANGUK ILBO in Korean 4 Feb 94 p 1

[By Washington-based correspondent Chong Il-hwa]

[Text] Pak Kil-yn, North Korean permanent representative to the United Nations, exchanged opinions for over five minutes on subjects of mutual concern with Pan Ki-mun, ROK diplomatic minister, on 3 February after attending a breakfast prayer meeting, which was attended by U.S. President Clinton and Mrs. Clinton at the Washington Hilton Hotel. Details of their dialogue are unknown.

'Senior' Official Denies 'Discord' With U.S.

SK0402062594 Seoul YONHAP in English 0617 GMT 4 Feb 94

[Text] Seoul, Feb. 4 (YONHAP)—A senior government official, concerned over doubts about Korea-U.S. ties aroused by Washington's reported pressure on Seoul to buy Patriot missiles, said on Friday there is no change in their basic relations. Speaking on condition of anonymity, he said no decision has been made on deployment of the anti-missile missiles in Korea, though negotiations are under way between the two countries.

"I understand that the U.S. Government has not yet made a final decision on whether the U.S. forces in Korea should be equipped with Patriot missiles," he said. "I think the missiles will be deployed after Seoul and Washington reach agreement on the number of missiles and the date of deployment, considering any possible developments in the situation related to North Korea's nuclear weapons program."

Washington has not pressured Seoul to buy U.S. weapons, the official said, commenting on local press reports that the Pentagon has asked Korea to buy airborne self-protection jammers for the Korean fighter program.

A letter reportedly sent by U.S. Defense Secretary-nominee William J. Perry to Defense Minister Yi Pyong-tae asking Korea to buy jammers for the Korean Air Force's F-16 fighters was not meant to apply pressure, but to advise that production of the jammers has been suspended due to problems with the weapon, he said.

Only some of the 120 F-16 fighters Korea is to import will be equipped with the existing model of jammers and the rest with a modified new model, he said, adding that the United States has not given up the airborne self-protection jammer project despite suspending production.

"Nobody knows at the moment whether North Korea will allow the International Atomic Energy Agency to inspect its nuclear facilities," the official said, "and the government does not want the North Korean nuclear issue to go to the UN Security Council and thus to heighten tensions on the Korean peninsula. There is no discord between Seoul and Washington over the North Korean nuclear issue and the two governments are maintaining close cooperation."

The opposition Democratic Party is angry about the U.S. Government's reported pressure on Korea to buy the jammers.

In a statement issued on Friday, party spokesman Pak Chi-won said, "I feel indignation at U.S. Defense Secretary-nominee William Perry's pressure for Korea to buy defective radar jammers through channels outside the usual ones in weapons trade between the two countries. The government should make public this pressure and seek a new diplomatic approach toward the United States, defying such pressure."

Perry's letter to Defense Minister Yi will damage the two nations' traditional friendship, he said, urging the U.S. Government to reflect on whether the letter is tantamount to regarding Korea as a disposal site for defective weapons.

Washington should "apologize for the letter," he added.

ROK, U.S. To Launch 21st Century Think Tank
SK0402092094 Seoul YONHAP in English 0714 GMT 4 Feb 94

[Text] Seoul, Feb. 4 (YONHAP)—The South Korea-U.S. 21st Century Council is due to be born on Feb. 17 and political, business, academic and press leaders from the two countries will hold their first four-day meeting in Washington, Korean-side Secretary General Sakong Il said Friday.

The basic idea behind the council is for Korean and American leaders from all walks of life to get together and discuss bilateral cooperation and resolution of problems to achieve forward-looking relations in the post-Cold War era, the former finance minister told reporters.

Sakong, president of the Institute for Global Economics, represents Korea, while Fred Bergsten and his Institute for International Economics (IIE) will manage U.S. affairs.

The Korea Foundation and IIE are to sponsor the non-governmental dialogue channel that will exchange expertise on a wide range of issues.

With about 30 participants from each side, the council will meet in Korea and the United States in turn every year behind closed doors.

Foreign Minister Han Sung-chu will make an opening speech at the inaugural meeting in Washington. He is among seven senior government officials invited along with ambassador to Washington Han Sung-su and Assistant Foreign Minister Son Chun-yong.

The six politicians attending include Rep. Chong Che-mun, chairman of the National Assembly's Foreign Affairs and National Unification Committee, and Cho Son-song of the Democratic Party.

Lucky-Goldstar Group Chairman Ku Pyong-hoe, Ssangyong Group Chairman Kim Sok-won and six other business leaders, 14 eminent professors and journalists, plus former Government Administration Minister Choe Chang-yun will also take part.

Among the participating Americans are Secretary of State Warren Christopher, U.S. Trade Representative Mickey Kantor, Laura Tyson, chairman of the Economic Advisers, Robert Fauver, special assistant to the president for national security and economic policy at the National Security Council, and Winston Lord, assistant secretary of state for East Asian and Pacific affairs, as well as business and press leaders.

Russian Vice Foreign Minister on DPRK Issue
SK0402064594 Seoul HANGUK ILBO in Korean 4 Feb 94 p 6

['Exclusive Interview' with Russian Vice Foreign Minister Aleksandr Panov by HANGUK ILBO Moscow-based correspondent Yi Chang-hun, on 3 February—place not given]

[Text] [Yi Chang-hun] Reacting to a rumor about the deployment of U.S. Patriot missiles to the ROK, North Korea threatened that it will cancel the withholding of its withdrawal from the Nuclear Nonproliferation Treaty [NPT]. As a result, the situation on the Korean peninsula is becoming alarming. Do you think that the U.S.-North Korea talks and talks between the International Atomic Energy Agency [IAEA] and North Korea will be successful?

[Panov] Russia does not think that U.S.-North Korea talks and IAEA-North Korea talks have been ruptured. Russia's position is that the talks should continue. The North Korean nuclear issue should be resolved under the IAEA's control for peace and stability on the Korean peninsula. There were some successes, although limited, in U.S.-North Korea talks in the past. However, the talks were recently suspended and many difficult problems are laid on the road toward a third round of talks.

Russia is discussing the North Korean nuclear problem with the United States and China, not to mention the ROK, and there are no remarkable differences in the positions of each nation.

These nations share the view that North Korea should settle nuclear negotiation with the IAEA at an early date and should accept the nuclear inspection.

[Yi] What is your view on the possibility and prospects for denuclearization of the Korean peninsula as discussed during U.S.-Russia summit and talks between Russian and Chinese foreign ministers?

[Panov] The only way toward the resolution of denuclearization of the Korean peninsula at present is to bring about concrete fruition in U.S.-North Korea talks and in IAEA-North Korea talks. Although talks are very difficult and may face a stumbling block, it is important to continue the talks in a manner of dialogue.

[Yi] What is your opinion on the multilateral security cooperation system proposed by the ROK for peace and stability on the Korean peninsula?

[Panov] Russia basically supports this. This plan is a method enabling one to resolve various problems pertaining to security on the Korean peninsula, including the North Korean nuclear issue. The relevant countries are making efforts to achieve this plan.

The ROK established diplomatic relations with Russia and China. What is left as a pending issue is North Korea's normalization of relations with the United States and Japan. If the North Korean nuclear problem is solved and normalization of relations is achieved, an important progress will be registered in efforts to promote security on the Korean peninsula and in the Northeast Asia.

[Yi] Do you think the Kim Il-song-Kim Chong-il hereditary system will proceed smoothly in North Korea?

[Panov] I debated on this issue with relevant American and ROK figures when I served as Russian Ambassador in Seoul. We have drawn a conclusion that it is difficult to predict how the North Korean society will change in the future. Since North Korea is an extremely closed society and flow of information is restricted, analysis and assessment of the practical situation on the progress of the hereditary system are very difficult. However, international society shares the view that stabilization in North Korea's political situation is important.

[Yi] When do you think President Kim Yong-sam will visit Russia and what are the important agendas?

[Panov] Russia is hoping that President Kim will visit within this year, and is preparing for this. We believe that with President Kim's visit as an occasion, the two nations will solve the pending issues including Russia's debt to the ROK, and will further promote cooperation in various domains of relations between the two countries including domains of politics, economy, and culture.

[Yi] What is your opinion on the possibility of expanding economic cooperation between the two countries and on proper means for a solution to Russia's debt to the ROK?

[Panov] The amount of trade between the two countries last year was \$1.5 billion—a 40 percent increase from the previous year—and the amount is expected to increase further. We are well aware that because of uneasiness in the political situation in Russia, ROK businessmen from small and medium-size enterprises are reluctant to advance to Russia. However, Russia will be stabilized in the future. For example in cooperative relations between Russia and the ROK, a ROK firm advanced to Russia's Far Eastern district through the introduction of the Russian Embassy in the ROK, and established a joint-venture textile plant there. This firm has earned a great amount of interest by exporting its products to the United States. ROK businessmen, who wish to advance to Russia, may inquire of Russian Embassy in Seoul about method and procedure of advance. Since reshuffle of Russian cabinet members was carried out recently, I cannot tell you precisely at this moment about the method as to how the Russian Government will resolve the issue of its debt to the ROK and of its interest payment. At present, relevant officials within the Russian Government are exchanging their views on measures for solving the problem.

UN Members More Pessimistic Over Nuclear Issue

*SK0402091994 Seoul YONHAP in English 0708 GMT
4 Feb 94*

[Text] Seoul, Feb. 4 (YONHAP)—Most U.N. member nations support the idea that the General Assembly should serve as the venue for a summit of U.N. members next year, the 50th anniversary of the world body's founding, South Korean Ambassador to the United Nations Yu Chong-ha said Friday.

Yu, here to attend the annual conference of overseas mission chiefs, said that the General Assembly may serve as the site for a summit of U.N. member nations to revitalize the international organization during its 50th year.

"In that case, it is highly possible that President Kim Yong-sam will attend the summit meeting," he said.

Referring to the drawn-out negotiations between North Korea and the International Atomic Energy Agency (IAEA), Yu said pessimism on the possibility of settling the problem is growing among European countries in the United Nations.

"Only China is clearly expressing optimism that the problem will be solved in the end. China seems sure that North Korea is not trying to rupture its talks with the United States although Pyongyang is dragging out its negotiations with the IAEA. China firmly believes that it is part of North Korea's negotiating strategy."

If the problem is referred to the U.N. Security Council, the council will take gradual steps following consultations rather than imposing sanctions on North Korea immediately, he said.

"Although the North Korean nuclear problem is entering a crisis stage, enough discussion has taken place in the United Nations on the nuclear situation in the world. An international consensus has almost been reached on the Complete Nuclear Test Ban Treaty (CTBT)," he added.

DPRK May Not Participate in Winter Olympics

SK0402000394 Seoul KBS-1 Radio Network in Korean 2330 GMT 3 Feb 94

[Text] North Korea has not submitted its list of champions to participate in the Winter Olympics in Lillehammer, Norway before the 31 January deadline. Thus, there is a great possibility that North Korea will not participate in the Winter Olympics to be held from 12 to 27 February. Some people view that the failure to present the list of champions is related to the political situation in North Korea, while others think that North Korea simply did not meet the deadline.

North Reportedly Seeking APEC Membership

SK0402030394 Seoul YONHAP in English 0252 GMT 4 Feb 94

[Text] Tokyo, Feb. 4 (YONHAP)—North Korea, which has suffered a serious economic setback in the wake of the collapse of former communist regimes in Russia and East European countries, hopes to join the Asia-Pacific Economic Cooperation (APEC), KYODO News Agency quoted an East European source in Beijing as saying Thursday.

Kim Chong-u, North Korea's vice chairman of External Economy Commission, met in January with the East European source who was working in Pyongyang at the

time and said that military expenditures are a heavy burden to North Korea's economic development, the source said. Kim's remarks show a change in North Korea's economic policy, KYODO said.

Kim was quoted as saying that Asia is achieving the most rapid economic growth in the world and emphasizing that North Korea should strengthen its cooperative relations with Asian countries in the economic field.

According to KYODO, Kim said that North Korea wants economic cooperation with any Asian countries including capitalist nations if they are not opposed to North Korean political system and that North Korea wants to join the APEC in the end. If the military expenditure is reduced, North Korea's economy can be revitalized quickly and the North Koreans' living standard will be improved, Kim added.

Kim Chong-il Birthday Fetes Said Reduced

SK0402083494 Seoul KYONGHYANG SINMUN in Korean 4 Feb 94 p 4

[By Chong In-hwa]

[Text] It has been learned that North Korea, which is facing internal and external adversities, including the nuclear issue and economic difficulties, is reducing the scale of celebrations for Kim Chong-il's birthday this year compared to previous years.

According to the National Unification Board [NUB] on 3 February, North Korea is only holding two events on the occasion of Kim Chong-il's upcoming 52d birthday, which is 16 February, compared with over 20 domestic and international events held in previous years. The source said the scale of the events are being reduced and noted that the individual competition of the Fourth 16 February Arts Award, which opened on 18 January, is being held without the participation of overseas Korean artists.

To create a birthday celebration atmosphere, North Korea completed a heating system; is carrying out city beautification works, including the rearrangement of flower beds in cities and cleaning of waterworks and sewage; and issued commemorative stamps and postcards.

Regarding domestic events, the 16 February Arts Awards and the Athletes Games in Mt. Paektu opened on 18 January and 1 February, respectively.

As to international events, a preparatory committee for the celebration of Kim Chong-il's birthday was formed in Mozambique on 20 January; film shows were held in Tanzania, Nigeria, and Ghana during 19 to 21 January; and a study institute of Kim Chong-il's works, including the "Azalea in Deep Mountain" and "The Seeds," was formed in Japan early January.

The NUB analyzes that such a scale of events is considerably reduced compared with the 50th birthday in 1992 and the 51st birthday last year.

In 1992, a "relay of loyalty letter," which had only been held on Kim Il-song's birthday, was held for the first time, and another relay of similar scale was held in 1993 in connection with the Eighth Congress of the League of Socialist Working Youth of Korea.

Celebration events for Kim Chong-il's birthday began in February 1974 and the day was designated a holiday in 1975. The celebrations expanded remarkably after Kim Chong-il was elected member of the Party's Standing Committee during the Sixth Party Congress in October of 1980.

On the 40th birthday in 1982, a decree of the Central People's Committee designated the whole month of February as "Festive February" and upgraded the celebration as an event next to the celebration of Kim Il-song's birthday.

An NUB official analyzed: "Although there is a point where the scale of the birthday celebration is reduced because it is not a special birthday that falls on every fifth birthday (a multiple of five or 10), however, it is deemed that the change reflects a shrinking atmosphere due to economic difficulties and the nuclear issue."

North Official Caught Trying To Smuggle VCR's

*SK0402050694 Seoul SEOUL SINMUN in Korean
4 Feb 94 p 7*

[YONHAP from Cairo]

[Text] A reliable source on 3 February revealed that a North Korean trade mission official was caught attempting to smuggle 10 videotape recorders into Cairo. The equipment was confiscated. According to the source, Yu Hyon-chol, member of the North Korean trade mission in Kuwait, on 1 February arrived at Cairo Airport with the videotape recorders and attempted to bring them into Cairo, however, he was detected and the equipment was confiscated. The source noted that the attempt of the North Korean official to smuggle these electronic products is undoubtedly designed to sell them and use the money to buy a gift to present to Kim Chong-il on his birthday on 16 February.

GATT Talks To Include Inter-Korean Trade

*SK0402060494 Seoul TONG-A ILBO in Korean
4 Feb 94 p 2*

[Text] While some are of the opinion that the ROK should obtain recognition for exceptional treatment of inter-Korean trade prior to its submission of the final implementation plan for Uruguay Round, the government has decided that it need not take the initiative of bringing up the matter within the scope of the Uruguay Round system, it was learned on 3 February.

A relevant government official on that day said, "The provisions of the constitution and the North-South Agreement define the inter-Korean transactions as transactions within the nation, which is an expression of the right to self-determination. Therefore, we need not separately obtain an official recognition for an exceptional treatment of the inter-Korean transactions in the Uruguay Round Treaty.

The government official added, "If we apply for the recognition for an exceptional treatment, it could be an action tantamount to admitting that the inter-Korean transactions are in violation of the General Agreement on Tariffs and Trade. If a third country demands that we pay a price for such transactions, we may fall into a position of having to do so."

President Says GATT Renegotiations Impossible

*SK0402100094 Seoul YONHAP in English 0933 GMT
4 Feb 94*

[Text] Incheon, Feb. 4 (YONHAP)—President Kim Yong-sam stressed here on Friday that local administrations should now think and behave not in the bureaucratic manner but in the way industries do. During his new year inspection tour here, Kim asked Incheon officials to try to bolster the role of Incheon as the gateway to the capital area taking advantage of its location and such facilities as an international airport being built and a modern harbor.

The president said that though some people demand re-discussion of the Uruguay Round agreement, it is impossible to have new Uruguay Round [UR] talks now that the talks have already been completed with 117 countries of the world.

After his visit to the Incheon City Hall, President Kim dropped into the Daewoo Motor Co. in northern Incheon, where he took lunch together with 200 Daewoo workers at a company cafeteria.

During his call at the Kyonggi Province administration in Suwon, President Kim told Governor Yun Se-tal to be especially careful about protecting the sources of the 20 million capital zone people's household water.

Kim especially suggested that marking poles be placed at all waste water displacement ducts so that nearby villagers could know the state of waste water disposition by plants.

From Suwon, President Kim drove to a high-tech pilot farming estate at Chongbuk-myon, Pyongtaek-kun.

Daily Analyzes U.S. Lifting of Vietnam Embargo

*SK0402081994 Seoul CHUNGANG ILBO in Korean
4 Feb 94 p 6*

[Article by Chin Se-kun: "The Background Behind the U.S. Lifting of Its Embargo on Vietnam—Choosing Material Gain in 'Asia's Last Golden Market'"]

[Text] The United States entered the road to normalizing relations with Vietnam 19 years after it suffered its first defeat in war. The U.S. lifting of the embargo on Vietnam must have been prompted by economic realities in which the United States realized that it can no longer afford to stand aloof by Vietnam's golden market. Besides, the Vietnamese authorities have shown positive and quick responses toward the solution of the issue of U.S. soldiers missing in action (MIA's) in the Vietnam war.

U.S. economic sanctions on Vietnam have been such an agonizing shackle to the United States it may be said that they applied economic sanctions on one another.

Therefore, while the lifting of the embargo on Vietnam has long been envisaged, the decision on lifting the embargo had to take into account how sincerely the Vietnamese Government pushed ahead with the search for the remains of the 2,239 U.S. MIA's. No matter how important the Vietnamese market may be, the Clinton administration had to be sensitive to potential criticism from the U.S. war veterans association and the association of families of MIA's.

During his visit to Hanoi toward the end of last month, however, (Charles Larson), commander of the U.S. Pacific Forces who is charged with the search operation for the U.S. MIA's, highly appraised the Vietnamese authorities' efforts in which they even offered prize money. Adding that, "If the United States normalizes relations with Vietnam, it will facilitate the resolution of the MIA issue," he opened a way to lifting the embargo.

Lawmakers of the U.S. Senate Energy Committee Appropriations Subcommittee and the House Foreign Affairs Committee Asia-Pacific Subcommittee visited Vietnam. Upon their return home, they helped adopt a resolution calling for the lifting of the embargo on Vietnam, thus enabling the government to lift the embargo.

We can better understand the background behind the steps taken in order to lift the embargo on Vietnam in view of the fact that some 300 U.S. businesses, including such multinational enterprises as Citibank, General Electric Co., and Mobile, have arrived in Vietnam to begin their brisk marketing activities there.

Since Vietnam introduced the doi moi renovation policy in 1986, along the lines of the former Soviet Union's perestroika and glasnost example, it has achieved an economic miracle with an annual average economic growth rate of 7 percent from 1991 to 1993 and an annual inflation rate of 5 percent or lower from its previous three-digit inflation rate. Vietnam's potential, no doubt, is attractive to U.S. businesses.

With the lifting of the embargo, investment and cooperation between the two countries is expected to increase in various fields, such as in construction, real estate, finance, manufacturing, and in petroleum and gas

projects. Brisk activities are already evident with Mobile's signing last December of a contract to develop the (Tan Long) oil field.

However, the lifting of the embargo may not smoothly lead to the complete normalization of relations, for the United States will probably use the issue of normalizing diplomatic relations as leverage in securing the initiative in negotiations on pending issues, such as the MIA issue, the signing of an investment guarantee agreement, the lifting of the freeze on U.S. assets in Vietnam, and the human rights issue.

Following President Clinton's 4 February announcement of the lifting of the embargo, he clarified that "This does not mean we are normalizing relations," and this supports the above analysis.

Nevertheless, the U.S. lifting of the embargo on Vietnam may well have considerable impact on the world, as well as the Asian economy, because it is a signal heralding the official rebirth of the Vietnamese market, which is called "Asia's last golden market" second only to the Chinese market, in the Asian economic sphere.

Multilateral Forum on Bering Sea Fishing Set

*SK0402025494 Seoul YONHAP in English 0141 GMT
4 Feb 94*

[Text] Seoul, Feb. 4 (YONHAP)—Pollack fishing and supply countries will meet in Washington from Feb. 7-11 for the 10th multilateral conference on conserving and using pollack resources in the Bering Sea, the Foreign Ministry said Friday.

Concerned countries in fishing are South Korea, Japan and China, and in supply, the United States and Russia. They are signatories of a two-year moratorium on pollack fishing in the Bering Sea that is due to be lifted this year if resource conditions improve. They have been meeting regularly to discuss ways of conserving pollack resources in the sea since February 1991.

They agreed on the difficult question of setting catch quotas at the previous meeting in November last year and are expected to touch on drawing up the agreement text and other disputed issues.

Government Applies for Seabed Development Rights

*SK0402024394 Seoul YONHAP in English 0132 GMT
4 Feb 94*

[Text] Seoul, Feb. 4 (YONHAP)—The government has applied to the United Nations for development rights to 300,000 square kilometers of seabed in the Pacific Ocean southeast of Hawaii in a bid to secure such rights before the U.N. Convention on the Law of the Sea goes into effect, a Foreign Ministry official said Friday.

He said, "After the convention takes effect this coming November, those countries which have been registered

as pioneer investors at the United Nations hold prior rights to developing the seabed."

The government held an economic ministers meeting late last year to discuss the issue and sent the application to the United Nations on Jan. 14.

"This application is to secure a mining area in the deep seabed development system of advanced nations including Japan and France," he said.

The area, called "the Clarion Clipperton fracture," holds deposits of about 40 billion tons of manganese, about 50 times as much as the estimated deposits of the element under the continents, and various natural resources including cobalt, copper and nickel.

The area is between longitude 124 and 138 degrees west and between latitude 9 and 18 degrees north, according to Ministry officials.

The U.N. technical experts' group will review the South Korean application and then the U.N. preparation committee is expected to register South Korea's rights as a pioneer investor around August.

South Korea has invested about 45 million U.S. dollars in exploring for promising seabed areas over the last 10 years, the officials said.

Stock Exchange Ranked Seventh in World

SK0402024994 Seoul YONHAP in English 0139 GMT 4 Feb 94

[Text] Seoul, Feb. 4 (YONHAP)—The Korea Stock Exchange was the seventh largest stock market in the world last year in terms of turnover, according to figures the exchange compiled on the basis of data provided by the International Federation of Stock Markets (FIBV) and released on Friday.

Turnover on world stock markets last year totaled 8,285 billion U.S. dollars, up 44.6 percent from 1992.

The New York exchange ranked first, followed by NASDAQ (National Association of Securities Dealers Automated Quotations, a kind of over-the-counter market), London and Tokyo.

With 211 billion dollars in turnover, the Seoul bourse advanced from ninth in 1992 to seventh last year, following Taipei in sixth.

In turnover growth, Kuala Lumpur topped the list with an increase of 644 percent, followed by Singapore with 288 percent and Helsinki with 271 percent.

Seoul placed ninth with an 82.7 percent increase, with Toronto, Johannesburg, Oslo, Tel Aviv, Hong Kong and Tokyo registering growth of 60 percent to 150 percent.

In market capitalization, the United States, Japan and Britain placed first, second and third, respectively, while Korea retreated from 14th in 1992 to 15th last year.

In number of listed firms, NASDAQ led the way with 4,611 firms and Seoul placed sixth with 693 firms.

FIBV has 43 member-exchanges from 33 countries and accounts for 95 percent of the total capitalization of world stock exchanges.

Oil Prices Expected To Lower 4-5% on 15 Feb

SK0402085894 Seoul YONHAP in English 0659 GMT 4 Feb 94

[Text] Seoul, Feb. 4 (YONHAP)—Oil prices are expected to be lowered 4-5 percent on Feb. 15, the first downward readjustment since the government adopted a system linking domestic oil prices to world prices and exchange rates, the director general of the Petroleum and Gas Bureau in the Trade, Industry and Energy Ministry said on Friday.

In January, Korean oil companies imported petroleum for 13 to 14 U.S. dollars per barrel, but as the current price is 15 dollars it is necessary to reduce oil prices by 4 to 5 percent, Director General Han Chun-ho said.

Han announced on Friday at a seminar sponsored by the Korea Petroleum Association that the government would adopt a policy linking domestic oil prices to the average price of petroleum imported the previous month and to exchange rates. Han added that the government will adjust domestic oil prices on the 15th day of every month.

Under the plan, the government will announce oil prices on the 14th of every month through the Korea Petroleum Association and apply the new prices on the 15th. The government plans to limit its involvement in deciding oil prices, but if a sudden international incident arises like the Gulf crisis and prices increase sharply, it will intervene in setting prices to prevent economic disorder. However, the government will continue to control the price of liquefied petroleum gas.

Daewoo Motors Rank Second in Domestic Car Sales

SK0402031494 Seoul YONHAP in English 0209 GMT 4 Feb 94

[Text] Seoul, Feb. 4 (YONHAP)—Daewoo Motor Co. is likely to gain the second spot in domestic car sales this year, beating Kia Motors Corp., industry sources said Friday.

Hyundai Motor Co. has led the industry, followed by Kia and Daewoo in that order since 1990, but Daewoo caught up with Kia in the second half of last year. And Daewoo is expected to keep the second place firmly this year, the sources said.

Kia and Daewoo have been neck and neck in domestic car sales last year, but Daewoo's sales went over Kia's by 3,000 cars in November and December. The gap further

widened by more than 8,000 units in January with Daewoo selling 23,735 cars and Kia shipping out 15,042.

In sales of all kinds of automobiles at home, Daewoo sold 27,909 units in January and Kia sold 25,062.

Kia entered the car market in 1987, selling its Pride model, and gained the second rank in 1990, with sales of 140,400 cars, relegating Daewoo to third place.

Kia has maintained a 25 percent share in the domestic car market, but its ratio fell to 19 percent recently.

But a Kia official claimed Kia will recover car sales at home in March, when a modified model of Pride is scheduled to be on sale.

Semiconductors Comprise 11% of Exports

*SK0402014094 Seoul YONHAP in English 0117 GMT
4 Feb 94*

[Text] Seoul, Feb. 4 (YONHAP)—Semiconductor exports are expected to reach 10.1 billion U.S. dollars this year, or nearly 11.1 percent of total exports, the Korea Semiconductor Industry Association (KSIA) said on Friday.

Among exports, semiconductors ranked second after textiles in 1992, but last year semiconductors moved into first at 8.1 billion dollars with textiles following at

7.32 billion dollars. This year semiconductors will hit 10.1 billion dollars and textiles 8.2 billion dollars, widening the gap further.

Semiconductors' share of total exports has continued to expand with the ratio reaching 8.8 percent in 1992, 9.8 percent in 1993 and 11.1 percent this year. Semiconductors have also gained in the category of electronics exports as the ratio rose to 31.6 percent in 1992, 33.1 percent in 1993 and a predicted 36.1 percent this year.

"The world semiconductor market demands more large memory chips, so exports of semiconductors will rise more than 20 percent a year over the coming several years and semiconductors' ratio among total exports will jump to 15 percent," a KSIA official said.

Meanwhile, automobiles ranked ninth among exports in 1992 with 3.6 percent, but rose to eighth in 1993 with 5.4 percent and will soar to seventh this year with 6.0 percent. But finished textile goods, which ranked first in 1992 with 9.8 percent, fell to second in 1993 with 8.7 percent and will drop to third this year with 7.6 percent.

Among exports this year, finished textile goods will hit third at 6.94 billion dollars after semiconductors and textiles, followed by home electronic appliances at 6.8 billion dollars, steel products at 6.2 billion dollars, electronic products for industrial use at 5.6 billion dollars, automobiles at 5.4 billion dollars, chemical products at 5 billion dollars, ships at 4.9 billion dollars and general machinery at 3.8 billion dollars.

Burma

Lao Foreign Minister, Delegation Arrive 3 Feb

BK0302161794 Rangoon Radio Burma in Burmese 1330 GMT 3 Feb 94

[Text] At the invitation of U Ohn Gyaw, minister of foreign affairs of the Union of Myanmar [Burma], Mr. Somsavat Lengsavat, foreign minister of Lao People's Democratic Republic, and a Lao delegation arrived in Myanmar by air today. The delegation was welcomed at the airport by U Ohn Gyaw, minister of foreign affairs, and wife; U Nyunt Swe, deputy minister of foreign affairs; responsible personnel from the Ministry of Foreign Affairs; Mr. Kideng Thammavong, ambassador of Laos, and wife; and Laotian Embassy officials.

Home Minister Receives Indian Delegation 3 Feb

BK0302144794 Rangoon Radio Burma in Burmese 1330 GMT 3 Feb 94

[Text] Mr. M.N. Vohra, secretary of the Ministry of Home Affairs of the Republic of India, and party, who are currently visiting Yangon [Rangoon], visited Shwedagon Pagoda this morning and presented a donation of Kyat 3,000. Mr. M.N. Vohra and his party were accompanied by the Indian ambassador. They called on Lieutenant General Mya Thinn, minister of home affairs, at the latter's office at 0900.

Later, the Indian delegation held talks on bilateral matters with responsible personnel from the Defense Ministry, Home Affairs Ministry, and Foreign Affairs Ministry at the People's Park Reception Hall. The deputy minister of home affairs led the Myanmar [Burma] side.

Cambodia

Sirivut, Lao Foreign Minister Sign Agreement

BK0402060094 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 4 Feb 94

[Text] Prince Kromkhun [royal title as heard] Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation, and his delegation held a working meeting with His Excellency [H.E.] Somsavat Lengsavat, foreign minister of the Lao People's Democratic Republic [LPDR], in Vientiane at 0800 on 2 February. The talks focused on the expansion and reinforcement of the traditional relations of solidarity and bilateral cooperation in keeping with the spirit of the joint communique and the economic, scientific, technical, and cultural cooperation agreement concluded by the Governments of the Kingdom of Cambodia and the LPDR on 31 July and 7 November 1993 respectively.

On behalf of the LPDR Government, H.E. Somsavat Lengsavat reaffirmed firm support for the efforts by the Royal Government of Cambodia [RGC] led by First Prime Minister Prince Krompreah Norodom Ranariddh

and Second Prime Minister Samdech [royal title as heard] Hun Sen to achieve national reconciliation and to rehabilitate and rebuild Cambodia. The Lao foreign minister, via Prince Kromkhun Norodom Sirivut, wished His Majesty Norodom Sihanouk, king of Cambodia, a speedy recovery so he can return to the homeland and provide cool shade for the Cambodian people.

For his part, Prince Kromkhun Norodom Sirivut, on behalf of the RGC, profoundly thanked the LPDR Government for its active support of the Cambodian peace process.

The two sides also signed an agreement on the creation of a joint committee for promoting cooperation between the two governments.

Khmer Rouge: 7 Tanks Destroyed in Anlung Veng

BK0402034194 (Clandestine) Voice of the Great National Union Front of Cambodia in English 0100 GMT 4 Feb 94

["Special report from the battlefield"]

[Text] The last military operation of the puppets and the two-headed government at Anlung Veng area has been completely defeated.

1. On 31 January, the National Army of Democratic Kampuchea [NADK] and the local people routed the military operation of the communist Vietnam's puppets and the two-headed government at Anlung Veng area.

2. During five days of fighting from 27 to 31 January, puppet military top commanders Ke Kimyan, Pol Saroeun, Long Sopheap, Prum Samen, and Keo Pisit mobilized all their remaining forces on the front with 10 tanks, five military trucks, and 600 troops in their last all-out attempt on Anlung Veng. Their forces were facing a big dilemma as they could neither withdraw back to Samraong or move forward. They knew that if they tried to advance, they would be annihilated. Therefore, they decided to open their life line from Prey Phdau, (Pradev), (Thvoveuk), Rumchek, and Siem Reap even though it meant crossing mine fields.

3. However, the NADK and local people were able to intercept them and cut them into several separate units. Particularly on 31 January, we destroyed five tanks; the other five tried to escape but we were able to destroy two of them and capture three. Of the 600 troops, [words indistinct] have been paralyzed by malaria and other diseases, 115 have deserted and rejoined Siem Reap where they have made a lot of noise about their defeat. In addition, we have been able to capture 60 of their remaining 250 puppet soldiers.

4. Prum Samen himself was wounded for the second time (?east of) Prey Phdau when our NADK launched a special attack against his mobile headquarters located

near the site of their multiple rocket launchers and heavy artilleries. Once wounded, Prum Samen [words indistinct].

5. The communist Vietnamese, the entente, and the two-headed government have met with severe defeat [words indistinct]. However, the (?50) percent of their total forces and 90 percent of their commanders in Cambodia have been seriously affected by the fighting during the whole month of January.

If they persist in continuing the war in opposing the five-point national reconciliation plan of his majesty the king, the entire Cambodian nation and people, both in the countryside and in Phnom Penh, will inflict more enormous defeats on them and will certainly achieve the five-point national reconciliation.

Khmer Rouge Radio Reports Recent Battles

BK0402053894 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Feb 94

[Text] A report on recent attacks conducted by the National Army of Democratic Kampuchea [NADK] and the people to rout military offensives launched by the troops of the Vietnamese communists' puppets and the two-headed government:

1. The troops of the Vietnamese communists' puppets and the two-headed government on 20 January carried out offensive attacks on (Tuol Kruos) and (Tuol Thnoeng) villages at Prey Svay commune in Moug District of Battambang Province. The NADK and people intercepted them when they approached the villages. We killed 16 enemy soldiers, wounded many others, and forced the others to beat a hasty retreat. The NADK and people have controlled the two villages completely.

2. The enemy troops on 22 January attacked Kaoh Tei commune in Moug District of Battambang Province. They were, however, intercepted by the NADK and the people. As a result, 12 were killed and others wounded. The remaining troops were forced to retreat in a shameful manner. We seized seven assorted guns and some war materiel.

3. On the same day, the NADK and the people intercepted and completely routed offensive attacks conducted by two companies of the Vietnamese communists' puppets and two-headed government near Rumchek and [name indistinct] villages at Prey Svay commune in Moug District of Battambang Province. We killed 19 enemy soldiers and wounded 11 others and have gained complete control of the two villages.

4. The enemy soldiers on 26 January raided Cham Chas, Phteah Peach, and Phteah Sdok villages at Chheu Tom commune in Krakor District of Pursat Province. The NADK and the people intercepted and completely routed them when they approached the villages. We

killed 21 enemy soldiers and wounded 30 others, and we seized 15 guns and some war materiel. We have exerted full control over the three villages.

Nine Former KPNLF Troops Reportedly Killed

BK0402051294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Feb 94

[Excerpt] The people and the armed people on 30 January jointly attacked and routed a military offensive conducted by 300 Para soldiers [former KPNLF troops] at south Sisophon in Battambang Province. While the soldiers were crossing the Mongkol Borei River to the western bank they were attacked and routed, and forced to retreat behind their lines. As a result, the people killed nine enemy soldiers on the spot, wounded others, and captured a large number of them. We also seized 32 assorted firearms, including 23 AR-15 rifles, and some ammunition. [passage omitted]

Indonesia

Ambassador to U.S. Views Relations, Trade

BK0402121094 Jakarta TEMPO in Indonesian 8 Jan 94 pp 28, 29

["Excerpts" of interview with Arifin Siregar, ambassador to the United States, by TEMPO correspondent Bambang Harymurti in Washington; date not given]

[Text] [Harymurti] How are current Indonesia-U.S. relations?

[Siregar] You know that relations between Indonesia and the United States in the past few years have been quite good. In politics, Indonesia has been active in solving the Cambodian problem, and this has benefited the United States. The Indonesian and U.S. Governments have also worked together well in international forums, such as in the Asia-Pacific Economic Cooperation [APEC] and the Uruguay Round meetings.

[Harymurti] Did Indonesia and the United States always hold similar views during the Uruguay Round talks?

[Siregar] Of course, there are always differences of opinion, but we do not belong to the group of countries obstructing the Uruguay Round talks. In economic ties, our bilateral trade grows steadily. Our exports last year stood at U.S. \$4.5 billion and our imports at U.S. \$3.5 billion, while U.S. exports to Indonesia stood at U.S. \$4.3 billion.

[Harymurti] So, bilateral trade is more or less balanced.

[Siregar] That is right. From the Indonesian point of view, the U.S. market has great potential. U.S. investments in Indonesia, especially in oil, gas, and mining stand at about U.S. \$25 billion, while its nonoil and nongas investments are at about U.S. \$3.2 billion. The

United States is the fifth largest investor in Indonesia after Japan, Hong Kong, Taiwan, and South Korea.

[Harymurti] What is the impact on bilateral relations of the U.S. threat to remove Generalized System of Preference [GSP] facilities?

[Siregar] Bilateral relations are quite cordial. More than 10,000, maybe even 12,000 Indonesian students are now studying in the United States. Many have completed their studies and returned home. Viewed from various angles, bilateral relations are quite excellent. It is therefore regrettable if relations are strained due to the GSP and human rights issues.

[Harymurti] The GSP facilities involve only a small fraction of Indonesian exports to the United States. Why does the government appear to be nervous about the possible removal of GSP facilities?

[Siregar] It is true that only U.S. \$640 million were derived from the GSP facilities from our exports to the United States in 1992, which stood at U.S. \$4.5 billion. But if the GSP facilities are discontinued, this move may strain bilateral relations. As you know, Indonesia has been viewed in a negative way since the Dili incident on 12 November 1991. This problem continues to exist and may flare up again anytime. We witnessed U.S. Senator Feingold's attempt to ban the sale of arms to Indonesia. We noticed that the U.S. press often views Indonesia as a gross violator [three preceding words in English] of human rights, and this trend will emerge when the GSP facilities are indeed withdrawn in February. Therefore, I hope a satisfactory solution to the issue will soon be found. Otherwise, the negative consequences will be far greater.

[Harymurti] However, the main problem lies with the U.S. Congress and nongovernmental organizations, not the U.S. Government. How do you cope with them?

[Siregar] That is true. The Dili incident is the most difficult issue, and this will be a medium- or long-term issue. We need time to solve it. In view of the fact that the U.S. political system is different from that of other countries, including Indonesia, we cannot say that the main problem lies with the U.S. Congress and nongovernmental organizations. All of them should be seen as interdependent agencies. The GSP issue is one example. Nongovernmental organizations, such as Asia Watch and the AFL-CIO, are the agencies that take the initiative to have our GSP removed, but it is the U.S. Government that makes the decision. The same is true with the Feingold Amendment, namely a senator tabled the bill, but if Congress had approved it, the U.S. Government would have implemented the resolution to ban the arms sale. Therefore, they are inseparable. My personal view is that bilateral relations should not be strained by the GSP and workers' rights issues.

[Harymurti] There are fears that once the GSP is removed, other countries will follow the U.S. example. Is that true?

[Siregar] That is possible, because workers' rights are also part of human rights.

[Harymurti] What is the outcome of the ILO team's recent visit to Indonesia? They said that some of Indonesia's labor regulations are not up to the international standard.

[Siregar] I have not yet received a complete report on the issue, but at a hearing on 3 November 1993, the Indonesian Government, through its ambassador, said that it would take steps to improve workers' welfare. This is not due to the U.S. request. Hopefully the government will really take steps for the benefit of its own people and also as a means to appease the Americans.

[Harymurti] What about the case of Marsinah [labor activist murdered in East Java]?

[Siregar] Weli, it is one of the cases the government has taken appropriate actions. Anybody believed to be involved in the case will be put on trial, and the court will pass its judgment soon.

[Harymurti] What category of U.S. investors are believed to have the strongest potential in Indonesia—the medium or small-scale investors?

[Siregar] There are several categories. Let us say that the Freeport Corporation is a big one, but there are also many medium-scale investors, all of whom have invested a total of U.S. \$3.2 billion, as I mentioned earlier. I see more potential for our exports to the United States, which are projected to increase by 25 percent next year.

[Harymurti] What is the ranking of our exports to the United States compared to that to other countries?

[Siregar] In terms of nonoil and nongas exports, the value of our exports to the United States is almost equivalent to that to Japan, namely at U.S. \$3.9 billion. Our total exports to Japan stand at U.S. \$10.8 billion. This means that the United States has become our second largest market for exports. As for the United States, the value of its imports from Indonesia ranks 23rd.

[Harymurti] What kind of investment can we expect from the United States?

[Siregar] We can still expect a lot of U.S. investment in the oil and gas sector. An example is a project by Exxon. If it indeed materializes, it will be worth between \$20 and \$40 billion. However, negotiations are still under way. For the nonoil and nongas sector, U.S. investment is still far smaller than that of Japan, Korea, Hong Kong, and Taiwan.

[Harymurti] What efforts do you believe should be exerted to boost bilateral ties with the United States?

[Siregar] I believe promotional campaigns on trade, tourism, and investment should be intensified because

many U.S. businessmen still do not have adequate information about Indonesia. Perhaps these businessmen will become potential investors. Therefore, I plan to visit Michigan, Louisiana, Georgia, Minnesota, and Texas along with members of the U.S.-ASEAN Council to persuade U.S. businessmen to invest in Indonesia or buy more Indonesian products.

[Harymurti] There are reports that many would-be investors are complaining about the lack of legal protection in Indonesia and also consider them as an obstacle to investment.

[Siregar] This is the typical attitude of American and Western people in general. They cannot make decision quickly. They must look at many aspects first, especially the legal one. For this reason, countries like Korea and Hong Kong tend to invest more in Indonesia.

[Harymurti] Some observers said that since the APEC meeting in Seattle, there has been a shift in the U.S. Government's stand on human rights and environment issues.

[Siregar] It is too early to say that. We must not forget one thing worth paying attention to, namely during the NAFTA debates, the U.S. Government strained its relations with the trade unions. The relations were so strained that President Clinton found it necessary to hold a special meeting with Lane Kirkland, chairman of the trade unions. We never know whether Clinton had to give some sort of concessions to the unionists on certain labor rights. It is indeed worth noting that the APEC meeting in Seattle has indirectly made us the focus of the U.S. public's interest. Perhaps we will reap its positive impact. However, the NAFTA debates may also have a negative impact.

[Harymurti] Do you attach great importance to the fact that Indonesia will host the APEC meeting next year?

[Siregar] Yes, I believe it is good for us to host the meeting because the leaders meeting [two preceding words in English] will be held for the second time. I believe this is very important.

[Harymurti] Therefore, are you optimistic that Indonesia-U.S. relations will continue to improve?

[Siregar] I cannot say that I am very optimistic, and I have to be cautious here because we never know how the GSP issue will turn out. I believe the GSP issue is crucial, and I hope it will be solved properly. But when the GSP issue is solved, it does not mean that everything will proceed smoothly because the East Timor issue is still haunting us.

[Harymurti] Until when?

[Siregar] It will take some time to find the solution. Right now, there are still protest demonstrations in Seattle and Washington, D.C. on East Timor. Even though the U.S. press praises Indonesia's economic performance, they always try to find something negative. This is

especially true with THE WASHINGTON POST, which often carries disturbing reports about Indonesia.

[Harymurti] As a former director of IMF, do you think the policies of the IMF and World Bank will be influenced by the human rights and democratic reform issues?

[Siregar] There are signs toward that end because donor nations are mostly Western countries. For example, the World Bank earlier paid no attention to environment issues. After the World Bank was heavily criticized, it now pays attention to the matter. The same is true with the human rights issue because the majority of World Bank shareholders are Western nations, which will of course put their priorities first. An example is that the IMF was earlier reluctant to give loans to Vietnam. The influence of big countries on this issue can be felt directly or indirectly. Even though staff members of this financial institution may voice their opposition to certain decisions, the decision making process lies in the hands of countries which are big shareholders.

Official Discusses Investments in Power Projects

BK0402095094 Jakarta ANTARA in English 0741 GMT
4 Feb 94

[Text] Medan, North Sumatra, Feb 4 (ANEX-ANTARA)—Indonesia's power projects in Repelita VI (sixth Five-year Development Plan, 1994/99) will need a total investment of 60 trillion rupiah (U.S.\$30 billion), a senior official said here on Thursday.

Director General for Electricity and Energy Development Yoga Pranoto of the Ministry of Mines and Energy said that the investments include interest rates and costs for another investments in similar projects in the next Repelita (1999-2004). He said that the funds for power projects in Repelita VI will be obtained from the state-owned electricity firm, government assistance through approved project list, and government's capital.

Other funds will also come from state-owned and private banks as well as from sales of bonds, Pranoto added.

Half of the U.S. \$30 billion will be used to finance power distribution network projects, the director general revealed.

"Power projects are expected to meet the people's need for electricity which will continue to rise in the coming ten years," he said.

Indonesia's need for electrical power will increase by [figures indistinct] percent annually in the next decade. By 1995, the country needs to double its electrical capacity from the present 11,500 megawatts to nearly 23,000 megawatts.

Meanwhile, private investments for the coming ten year's power projects are now at 11.3 billion U.S. dollars.

Military Chief Says Demonstrations Still Tolerable*BK0402094594 Jakarta ANTARA in English 0755 GMT 4 Feb 94*

[Text] Jakarta, Feb 4 (ANEX-ANTARA)—Armed Forces Commander General Feizal Tanjung said that recent demonstrations staged by students and workers at a more frequent rate are still considered to be at the level of toleration. Gen. Tanjung said in a parliamentary hearing here Thursday that the recent demonstrations have not yet disturbed the national stability as they were held spontaneously to protest unfair social conditions.

Student protest demonstrations are understandable, the commander said, and should be welcomed as they reflect the student's awareness of what is happening around them. However, he said, the government should always be on the alert to prevent such demonstrations from becoming a public disturbance which can threaten national stability.

Tanjung dismissed widespread opinions that the government, in this case the Armed Forces is being over reactive to the demonstrations, thereby spoiling the government's promotion of openness and democratisation as well as human rights in the country.

"Such a view is not right. The armed forces are always committed to acting in accordance with values contained in the system of pancasila democracy," he said.

Any actions being launched by the Armed Forces are always based on the existing law and regulations, and more is aimed at preventing law violations, the general stressed.

Amid the meeting between the armed forces commander with the parliamentary commission in charge of security affairs, a number of youths were demonstrating outside the parliament building to protest against Bakrie Brothers's plan to build a resort near Tanah Lot temple on the tourist island of Bali.

Laos**Commentary Views U.S. Plans for Radio Free Asia***BK0402082494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 4 Feb 94*

[Unattributed commentary]

[Text] Last week, the U.S. Senate debated and endorsed the establishment of Radio Free Asia with the aim of beaming news to China, Myanmar [Burma], Tibet, the DPRK, Cambodia, Vietnam, and the Lao People's Democratic Republic [LPDR]. They claimed that peoples in these countries lacked complete freedom of expression and regarded the setting up of the radio station as an instrument for conveying varied views to those peoples.

It is well known that during the Cold War period, the United States utilized Radio Free Europe as one of its tools to oppose the socialist countries in eastern Europe. That radio station played an important role in interfering in the internal affairs of those countries. In the last decade of the 20th century, while the United States and other countries throughout the world are expeditiously seeking ways to increase mutual cooperation and understanding, the United States itself is considering setting up a Radio Free Asia to oppose the countries in Asia. It is surprising indeed.

The LPDR Foreign Affairs Ministry is of the view that the establishment of Radio Free Asia by the United States runs counter to the trend of promoting cooperation and creating peace in this region and throughout the world. The only thing the peoples and governments in this region want is that they hope the United States will use other means of communications in an effort to contribute to building mutual trust to facilitate the promotion of economic, scientific, cultural, social cooperation, and peace in Southeast Asia and the world.

Foreign Minister Arrives in Burma for Visit*BK0402103494 Vientiane KPL in English Lao 0813 GMT 4 Feb 94*

[Text] Vientiane, February 4 (KPL)—Somsavat Legsavat, Lao foreign minister, left here yesterday for Myanmar [Burma] on a four-day official visit to this neighbouring country to the northwest of Laos.

The visit is in response to the invitation of U Ohn Gyaw, foreign minister of the Union of Myanmar.

The Lao minister was welcomed by Myanmar Foreign Minister U Ohn Gyaw and Deputy Foreign Minister U Nyunt Swe at the airport, reported XINHUA.

Myanmar Deputy Prime Minister Vice-Admiral Maung Maung Khin paid a goodwill visit to Laos last May.

A joint communique issued at the conclusion of the deputy prime minister's visit said that the two countries would expand bilateral cooperations in various fields, said XINHUA.

Further on Visit by Thai Parliamentary Delegation**Khamtai Siphandon Receives Group***BK0302151694 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Feb 94*

[Text] This morning at the reception room of the Prime Minister's Office, His Excellency [H.E.] General [Gen.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR], received a courtesy call from a high-level delegation of the House of Representatives of Thailand headed by H.E. Professor [Prof.] Marut Bunnak, speaker of the House of Representatives

and president of parliament of the Kingdom of Thailand. The delegation is currently paying an official visit to the LPDR.

A conversation was conducted under an atmosphere of friendship and close neighborliness. H.E. Prime Minister Gen. Khamtai Siphandon expressed his profound appreciation and welcomed the high-level delegation of the House of Representatives headed by H.E. Prof. Marut Bunnak for paying a visit to Laos to convey the goodwill, affection, and solidarity of the entire Thai people to the multiethnic Lao people. H.E. the prime minister assessed that the visit of the high-level parliamentary delegation of the Kingdom of Thailand marked an important step contributing to further strengthening the relations of friendship and good cooperation between the governments and peoples, especially the legislative institutions, of the two countries. H.E. the prime minister also wished the House of Representatives delegation from Thailand glorious success and a safe return home.

On behalf of the delegation of the House of Representatives of the Kingdom of Thailand, H.E. Prof. Marut Bunnak expressed thanks and gratitude to H.E. Prime Minister Gen. Khamtai Siphandon for according a warm welcome to him and his party. In the meantime, he also thanked the chairman of the National Assembly, members of the National Assembly, the government, and people of the LPDR for extending them a warm welcome during their visit to the LPDR. H.E. Prof. Marut Bunnak informed H.E. Prime Minister Gen. Khamtai Siphandon of the outcome of his visit to Laos and of the talks held with the LPDR National Assembly delegation. The talks served to create better understanding and greatly benefited the strengthening of the relations between the two legislative organizations of the two countries—the organizations which truly represent the interests of the peoples in the two countries.

'Press Release' Issued on Visit

BK0302164094 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Feb 94

[“Press release” on “success” of official friendship visit by the delegation of the House of Representatives of the Kingdom of Thailand headed by Professor Marut Bunnak, speaker of the House of Representatives and president of the Parliament of the Kingdom of Thailand; dated 3 February]

[Text] At the invitation of His Excellency [H.E.] Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic [LPDR], H.E. Professor [Prof.] Marut Bunnak, speaker of the House of Representatives and president of the Parliament of the Kingdom of Thailand, led a high-level delegation of the House of Representatives of the Kingdom of Thailand, to pay an official friendship visit to the LPDR from 1 to 3 February 1994.

During the visit to the LPDR, H.E. Prof. Marut Bunnak and his party paid courtesy calls on H.E. Nouhak

Phoumsavan, president of the LPDR; and H.E. Khamtai Siphandon, prime minister of the LPDR. During the calls, the hosts and the guests held conversations under an atmosphere of goodwill and friendship on the relations of friendship and cooperation between the governments and peoples of Laos and Thailand, which are prospering more with each passing day as a result of the exchange of frequent visits and meetings at various levels between the two sides. H.E. Nouhak Phoumsavan and H.E. Khamtai Siphandon highly assessed and hailed H.E. Prof. Marut Bunnak for heading the high-level delegation of the House of Representatives of the Kingdom of Thailand to pay an official friendship visit to the LPDR, thereby contributing to further developing and strengthening the time-honored friendship and fine cooperation between Lao and Thai peoples.

H.E. Prof. Marut Bunnak and his party laid a wreath at the Monument of Unknown Combatants who sacrificed their lives and blood for the country; paid a call on Boun-guang Volachit, mayor of Vientiane; and visited a number of economic and cultural establishments in Vientiane where they were given a warm welcome.

H.E. Saman Vi-gnaket, chairman of the LPDR National Assembly, and his delegation and H.E. Prof. Marut Bunnak, speaker of the House of Representatives and president of the Parliament of the Kingdom of Thailand, and his delegation held bilateral talks in an atmosphere of friendship and mutual understanding.

The two sides stressed the need to further strengthen the friendship, relations, and cooperation between Lao and Thai peoples, especially the relations and cooperation between the legislative organizations of the two countries.

H.E. Prof. Marut Bunnak, speaker of the House of Representatives and president of the Parliament of the Kingdom of Thailand, expressed profound and sincere thanks to H.E. Saman Vi-gnaket, chairman of the LPDR National Assembly, for extending the invitation to the high-level delegation of the House of Representatives of the Kingdom of Thailand, to pay the official friendship visit to the LPDR, thereby contributing to continuously developing and strengthening the friendship, relations, and cooperation between Lao and Thai peoples. H.E. Prof. Marut Bunnak and his party hailed the successes made in various fields by the Lao people in the tasks of national construction and development. The two sides were unanimously in favor of continuing to enhance the time-honored traditional friendship, relations, and cooperation between the Lao and Thai peoples so that they will blossom continuously in the interests of both peoples and for the cause of peace in this region and the world.

Regarding the relations and cooperation between the legislative organizations of the two countries, the two sides unanimously agreed to establish a friendship association between the LPDR National Assembly and the House of Representatives of the Kingdom of Thailand,

to assist each other in certain spheres of work concerned. The two sides were delighted to see that the Lao-Thai and Thai-Lao relations and cooperation have been further consolidated and developed to conform to the interests of the two countries. They firmly believe that all problems and phenomena adversely affecting the relations between the two countries will be peacefully resolved in the genuine spirit of peace and good-neighborliness.

Once again, on behalf of the Thai parliamentary delegation, H.E. Prof. Marut Bunnak expressed profound thanks to the LPDR National Assembly for according a warm and honorable welcome and providing all conveniences to the delegation, thus enabling it to make a success during the visit. On behalf of the House of Representatives of the Kingdom of Thailand, H.E. Prof. Marut Bunnak invited H.E. Saman Vi-gnaket, chairman of the LPDR National Assembly, to lead a delegation to pay an official friendship visit to the Kingdom of Thailand at an appropriate time. H.E. Saman Vi-gnaket expressed his thanks and was pleased to accept the invitation. He will inform the Thai side of the time and date of the visit through the diplomatic means.

[Dated] Vientiane, 3 February 1994

Delegation Departs for SRV

BK0302153594 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 3 Feb 94

[Text] After ending a three-day official friendship visit to Laos, the high-level delegation of the parliament of the Kingdom of Thailand headed by His Excellency [H.E.] Professor [Prof.] Marut Bunnak, speaker of the House of Representatives and president of the parliament of the Kingdom of Thailand, and his wife and party left Vientiane for Hanoi to pay a visit to the SRV at the invitation of the SRV National Assembly.

A send-off ceremony for Prof. Marut Bunnak and his wife and party was held at the National Assembly Hall in the presence of H.E. Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic, and his wife; H.E. Vongphet Saikueyachongtouna and H.E. Khambou Sounisai, vice chairmen of the National Assembly; heads of the various commissions of the National Assembly; and a number of high-ranking officials of the National Assembly. H.E. Somphan Kokilanon, ambassador extraordinary and plenipotentiary of the Kingdom of Thailand to Laos, was also on hand to see off the delegation.

Thailand

Minister Reacts to U.S. Lifting SRV Embargo

BK0402140794 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 4 Feb 94

[Text] Speaking to reporters on the effect on Thailand of the U.S. decision to lift the trade embargo against

Vietnam, Deputy Commerce Minister Churin Laksanawisit said one favorable effect is that Thai and U.S. investors will be able to jointly invest in businesses in that country. However, there will be an adverse consequence in the agricultural area, as Vietnam will become a formidable competitor of Thailand in the future. Churin said:

[Begin Churin recording, in progress] ...our agricultural products such as rubber and coffee. Vietnam also produces these crops and the United States is a big coffee-consuming country. The negative side is that Vietnam will become our competitor in the U.S. market. The United States is the third biggest market for our coffee. [end recording]

Meanwhile, Chokchai Aksoranan, chairman of the Chamber of Industries of Thailand, said foreign investment in Vietnam will increase. American investors can join hands with their Thai counterparts in that country. Hence, Vietnam's demand for commodities will rise and this will benefit the marketing of Thai products. However, in the long run, Thai entrepreneurs must readjust and reduce their production costs to compete with Vietnam.

Executives Welcome U.S. Trade With Vietnam

BK0402025094 Bangkok BANGKOK POST in English 4 Feb 94 p 21

[Text] The Thai private sector yesterday welcomed the imminent lifting of the U.S. embargo on Vietnam and said Thai business would benefit most. Chokechai Aksoranan, president of the Federation of Thai Industries, said the move would directly benefit Thai business. The fact that Thailand and Vietnam are geographically close will help transport of goods such as consumer products and construction materials which Vietnam wants very much, he said. Thailand will be in the most advantageous position to be a springboard for investment in Vietnam.

Mr Chokechai expects more Thai investors to seek joint ventures with Americans to invest in Vietnam because of the United States' higher technology.

A Thai Petrochemical Industry Co executive, Prachai Leophairatana, said the lifting of the embargo, if it occurred, would greatly expand business in Vietnam because of the flood of foreign capital into that country. The end of the sanctions will enable new investors to enter Vietnam and this will be a good time for Thai businessmen to sell their products.

As Mr Prachai is in the petrochemical industry dealing with plastic and cement, he noted that this would be a good chance to sell building materials to Vietnam. In supplying construction materials such as cement, the country with the best advantage will be the nearest because transport of the commodity costs a lot.

In the short term, Thai investors will be in a better position than others, but in the long run, if Thai investors do not adapt, they will be disadvantaged particularly in terms of competition in marketing and technology, he said.

Thirachit Satirotwong, a member of the Federation of Thai Industries, said Thai businessmen had prepared for a long time and sent several teams to explore investment opportunities in Vietnam. He expects more investment if the embargo is lifted.

A United Gommunication Industry (UCOM) executive, who declined to be named, said that UCOM recently approached Vietnamese authorities to join an iridium project to link Indochina with the rest of the world.

Vietnam had agreed but could not join officially because of the embargo, he said. The lifting of the embargo will clear the way for Vietnam to take part.

The \$3.3-billion iridium system is a worldwide, digital, satellite-based cellular personal communications system designed mainly to provide commercial and governmental links through mobile phones within a country and abroad. He said sole agents of American products in the region, particularly in Thailand, would directly benefit from the lifting of sanctions.

As most American products have Thais as their sole agents in the region, particularly telecommunications products, their markets will expand.

Although competition is expected from Hong Kong and Singapore agents for American products, the early dominance of Thais in the Vietnamese market will be an advantage.

Americans would not directly invest in Vietnam for reasons of history, he believes. Also, the size of the market is not large, about 60 million, and most people are poor. Business would probably be done through barter. Rigid regulations on money transactions would not attract American investors, he said.

Charge Notes Improved Ties With Saudi Arabia

*BK0402033794 Bangkok BANGKOK POST in English
4 Feb 94 p 6*

[Text] Relations between Thailand and Saudi Arabia have improved considerably with Saudi authorities admitting skilled and unskilled Thai workers, Thai Charge d'Affaires to Saudi Arabia Mahadi Wimana said yesterday. Saudi authorities are now issuing reentry visas to unskilled Thai workers who previously found it difficult to obtain such permission after an absence from the country, he said

Skilled workers remained much in demand as goldsmiths, gardeners and auto repairs, he said. But the pay was not as good as in the past few years so Thai workers should not expect too much. At the same time, the number of Saudi nationals applying for entry visas to

Thailand has increased significantly. A total of 7,000 people, mainly those aged over 30, submitted applications last year, he said.

When relations were more strained, Saudi employers took workers from Bangladesh, Sri Lanka, and the Philippines. They were being paid at lower rates of about 2,800 baht a month he said.

Vietnam

Government Reacts to U.S. Lifting Trade Embargo

Hanoi Radio Reports Decision

BK0402024294 Hanoi Voice of Vietnam Network in Vietnamese 0200 GMT 4 Feb 94

[Text] According to a VIETNAM NEWS AGENCY reporter based in New York, at 1700 local time [2200 GMT] on 3 February—or 0500 Hanoi time on 4 February—at the White House in the capital city of Washington, U.S. President Bill Clinton announced his decision to lift the trade embargo against Vietnam and open a United States liaison office in Hanoi.

He said: Today I am lifting the trade embargo against Vietnam, because I am absolutely convinced that it offers the best way to resolve the fate of those who remain missing and unaccounted for.

The President reviewed U.S. efforts to search for missing American servicemen and stressed that efforts will continue to obtain more information about American servicemen who are prisoners or who are missing. He also announced that a United State liaison office will be set up in Vietnam to provide services to Americans in Vietnam and help follow up on human rights dialogue with the Vietnamese Government.

President Clinton also said that the decision does not involve the normalization of relations: Before that happens, we must have more progress and cooperation; more answers. In this regard, he will send another high-ranking delegation to Vietnam to search for additional human remains and documents.

Secretary of State Christopher; Secretary of Defense Aspin; Joint Chiefs Chairman Shalikashvili; and many other high-ranking officials and senators, including Mr. John Kerry, were among those who attended the conference.

Foreign Ministry Issues Statement

*BK0402105794 Hanoi Voice of Vietnam in English
1000 GMT 4 Feb 94*

[Text] The Ministry of Foreign Affairs of Vietnam has issued a statement on the U.S. President's decision to lift the trade embargo on Vietnam. The statement said:

On 3 February 1994, President Bill Clinton declared the lifting of the embargo on Vietnam and proposed the mutual establishment of liaison offices in the two countries. This is a positive and significant decision which contributes to opening a new page in the U.S.-Vietnam relations in the interests of the two peoples. This decision meets the desire of the American and Vietnamese peoples as well as of many other countries. It is in line with the trend toward peace, development in Asia-Pacific, and in the world. The improvement in U.S.-Vietnam relations will make a significant contribution to the common endeavor of the countries of the world for the sake of peace, friendship, and cooperation among nations.

The Government and people of Vietnam welcome this decision of the American Government. On this occasion, the Vietnamese Government affirms its policy whereby it consistently attaches importance to relations with the United States and wishes for normal relations between the two countries on the basis of respect for each other's independence and sovereignty, noninterference in each other's internal affairs, equality, and mutual benefit. Proceeding from such a position, Vietnam will continue to cooperate fully with the American Government and people in solving pending issues between the two countries.

Vietnam accepts the establishment of liaison offices in the respective capitals to be seen as a transitional step toward full diplomatic relations.

The Vietnamese Government reiterates its policy of consistently regarding the question of Americans missing from the war and the humanitarian concerns not linked with political issues.

In consonance with the human traditions and policies, the Government and people of Vietnam have been, are, and will be cooperating in the constructive spirit with the American Government and people to solve this issue to the fullest possible extent.

On this occasion, the Vietnamese Government and people express their sincere gratitude to all those who in the United States and other countries of the world have made their contributions to the lifting of the embargo on Vietnam and to the improvement of relations between the United States and Vietnam. The Government and people of Vietnam once again affirm the policy of befriending all countries in the world community for the sake of peace, stability, and development in Southeast Asia and the world over.

Deputy Foreign Minister Comments

BK0402131094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 4 Feb 94

[Passages in boldface recorded]

[Excerpts] Dear friends: The Vietnamese Foreign Ministry held a news conference in Hanoi this afternoon on

U.S. President Bill Clinton's decision to lift the trade embargo against Vietnam and to open a U.S. liaison office in Hanoi.

The news conference was presided over by Deputy Foreign Minister Le Mai and was attended by a large number of local and foreign news reporters. The news conference started with the deputy foreign minister reading the Foreign Ministry statement on the U.S. presidential decision to lift the embargo against Vietnam. The statement reads in full as follows:

On behalf of the Foreign Ministry, I would like to announce the statement of the SRV Foreign Ministry regarding the U.S. presidential decision to lift the embargo against Vietnam. [passage omitted on Le Mai reading the Foreign Ministry statement published above]

This is followed by a question and answer session.

An Australian Radio and Television Company reporter asked: When did the Vietnamese Government receive the report on the U.S. presidential decision to lift the embargo and by what means? And was this decision made by President Bill Clinton or the U.S. Government?

Deputy Prime Minister Le Mai answered: According to U.S. law, the right to lift the embargo rests with the president. As for when we were informed of this, I can say that we have been widely informed by friends from various countries and through different means. I am using the word friends here to refer to newsmen. And before President Clinton's decision was announced, our [UN] ambassador in New York had met with U.S. State Department officials who had informed him of the action. He telephoned me about this matter before 0500 this morning, that is, before the presidential announcement.

A Japanese ASAHI reporter asked about the plan to establish the U.S. liaison office in Hanoi and about when the establishment of diplomatic offices will be planned.

Deputy Foreign Minister Le Mai said: The U.S. and Vietnamese Governments will have a meeting to exchange views on stipulations governing the number of diplomatic cadres and members of the diplomatic corps as well as on the operating procedures for these liaison offices. I do not think that these are difficult issues. Therefore, the exchange of liaison offices between the two governments will be undertaken soon.

A BANGKOK POST reporter asked: What are the follow-up steps after the U.S. presidential announcement on lifting the embargo against Vietnam and what are the most important issues?

Deputy Foreign Minister Le Mai said: What we have been longing for and will continue to long for is to have the United States regard Vietnam as a friend. Our Vietnamese people will also regard the American people as friends.

The deputy foreign minister also answered many questions raised by Vietnamese and foreign reporters on the

MIA issue, on the question of frozen assets of the two sides, and on the relations between Vietnam and other ASEAN countries following the lifting of the embargo.

A FAR EASTERN ECONOMIC REVIEW reporter asked: Rumor has it that Vietnam will give priority to U.S. businessmen to engage in a number of investment projects such as those involving oil and gas exploitation. Is this true?

Deputy Foreign Minister Le Mai answered: We welcome U.S. businessmen coming to do business in Vietnam, to contribute to economic cooperation, and to spur economic development in Vietnam in the interests of the two countries. The Vietnamese Government hereby assures U.S. businessmen that the Vietnamese Government will create equal opportunities for U.S. businessmen to compete with those from other countries already in Vietnam. Tradition does not allow us to give preferential treatment to one country without giving the same treatment to others. I think that with its technology and its economic strengths, the United States will be able to develop its competitive power if it enjoys equal opportunities.

Australian Radio Describes Mood

*BK0402021294 Melbourne Radio Australia in English
0100 GMT 4 Feb 94*

[Report by correspondent Christopher Kramer in Hanoi]

[Text] Ads in Hanoi's English-language press are calling Vietnamese and foreigners to an end-of-embargo bash at one of the city's main hotels. For the locals, admission is free and drinks will be on the Americans. American businessman and party organizer James Rothwell said it is a small way of thanking the Vietnamese for persisting in their efforts to improve relations with the U.S. despite the legacy of war. The announcement coincides with preparations for the lunar new year and is likely to be one of the memorable celebrations in decades.

More American Remains To Be Returned 'Next Week'

*BK0402110894 Hanoi Voice of Vietnam in English
1000 GMT 4 Feb 94*

[Text] The United States will send home remains believed to be those of missing U.S. servicemen from Vietnam next week while efforts continue to determine the fate of over 2,000 others.

Mr. Cray, head of the U.S. Missing in Action Office in Hanoi said: Remains believed to be Americans unearthed or handed in by villages in the last field search will be sent to Hawaii for further identification. Mr. Cray also acknowledged great cooperation from Vietnam in the latest field search.

Phan Van Khai Receives U.S. Building Executives

BK0402101194 Hanoi Vietnam Television Network in Vietnamese 1215 GMT 3 Feb 94

[Text] After working sessions with the Vietnam State Bank and the Ministry of Communications and Transportation on the morning of 3 February, Mr. Joe Anderson, president of the Columbia Anderson Construction Corporation, was cordially received by Deputy Prime Minister Phan Van Khai.

Mr. Anderson told the deputy prime minister that the Anderson Construction Corporation's ambition is to become the first American construction company to take part in infrastructure projects in Vietnam funded by the World Bank, IMF, and the Asian Development Bank after the lifting of the trade embargo, which public opinion holds can happen in the next few days. He said that Columbia Anderson Corporation is one of the leading infrastructure construction companies in the United States and that U.S.-Vietnam cooperation will be deemed a fine beginning for normalizing relations between the two countries.

Deputy Prime Minister Phan Van Khai welcomed Columbia Anderson Corporation's enthusiasm to take part in Vietnamese infrastructure projects and reaffirmed Vietnam's policy of cooperation with all nations and foreign companies. He said that many projects for constructing roads, bridges, and ports in Vietnam will be tendered this year. American companies and other foreign companies will have many opportunities to participate.

Thai National Assembly Delegation Arrives 3 Feb

*BK0302163794 Hanoi VNA in English 1509 GMT
3 Feb 94*

[Text] Hanoi VNA Feb. 3—A delegation of the Vietnam National Assembly led by Chairman Nong Duc Manh today held talks with a delegation of the Thai National Assembly led by Chairman Marut Bunnak who had arrived in Hanoi earlier this morning.

Also present at the talks, on the Vietnamese side were Phung Van Tuu, vice chairman of the National Assembly Hoang Bich Son, head of the External Relations Commission of the party Central Committee [sentence as received]. On the Thai side were members of the House of Representatives of several major parties in Thailand and Thai Ambassador to Vietnam Bunthan Manklang.

Speaking at the talks, Chairmen Nong Duc Manh and Marut Bunnak highly appreciated the development of the relations between the two National Assemblies in the past years. They informed each other of the activities of the National Assembly of each country, and exchanged views on the orientation and measures to further promote the cooperation between the two legislatures.

Mr Marut Bunnak who is also chairman of the House of Representatives and his party arrived in Hanoi early today. This evening, Chairman Nong Duc Manh feted Chairman Marut Bunnak and his party.

After the banquet, the Thai delegation enjoyed a Vietnamese art programme.

Le Duc Anh Receives Marut Bunnak

*BK0402154894 Hanoi VNA in English 1526 GMT
4 Feb 94*

[Text] Hanoi VNA Feb. 4 - President Le Duc Anh received here today chairman of the Thai National Assembly, Marut Bunnak, now on an official visit to Vietnam. During the reception, Mr Marut Bunnak expressed his pleasure at the economic achievements recorded by the Vietnamese people in the current renovation process. He also informed President Le Duc Anh of the delegation's activities while here, the agreements reached by the legislatures of Vietnam and Thailand, thus pushing up the cooperative and friendship relations between the two peoples.

President Le Duc Anh welcomed Mr. Marut Bunnak's official visit and expressed his belief that both Vietnam and Thailand wish to further develop the fine, cooperative and friendship relations especially in the fields of economy, foreign trade, scientific technology, agricultural products processing industry, transport and tourism, thus practically contributed to preserving peace, stability, and development in the region. Also on this occasion, President Le Duc Anh asked Mr. Marut Bunnak to convey his best regards to the king and the royal family of Thailand, and wished Thai people prosperity and happiness.

Party, State Leaders Meet Speaker

*BK0402160994 Hanoi VNA in English 1539 GMT
4 Feb 94*

[Text] Hanoi VNA Feb. 4—The Thai National Assembly's delegation this afternoon paid a courtesy visit to General Secretary of the Central Committee of the Communist Party of Vietnam (CPV) Do Muoi, and was received by Prime Minister Vo Van Kiet. During the talks with General Secretary Do Muoi, on behalf of the delegation, Mr Marut Bunnak greeted the CPV on its 64th foundation and wished the CPV to gain great success in leading the country. Mr Marut Bunnak expressed his thanks to Mr Do Muoi, and other state leaders for their warm welcome and his satisfaction at the fine results of the talks with a Vietnamese legislative delegation, considered it as an important step in strengthening the multi-sided cooperative relations between the two legislatures.

He also said that Vietnam and Thailand have the time-honoured relations and many things to share, and that Thailand wished to unceasingly to consolidate and strengthen the friendship relations with Vietnam. General Secretary Do Muoi welcomed Mr Marut Bunnak

and his delegation's visit as an important contribution to the promotion of the relations between Vietnam and Thailand. He expressed his thanks to the fine sentiments of the Thai people for the Vietnamese in the struggle for national independence in the past and affirmed that Vietnam was doing its best to establish long lasting relations with neighbouring countries, including Thailand, and other countries in the region as well as in the world.

On the same day, Prime Minister Vo Van Kiet received Mr Marut Bunnak, chairman of the Thai national assembly and his entourage. Prime Minister Kiet hailed the visit of Mr Marut Bunnak as a vivid manifestation of the friendly and cooperative relations between Vietnam and Thailand. He affirmed that Vietnam attach a great importance to the development of friendship and cooperation with its neighbours, including Thailand and expressed his wish that the friendly and cooperative ties between Vietnam and Thailand will be further developed after Mr Marut Bunnak's visit. The speaker of Thailand expressed his joy to be in Vietnam. He highly valued achievements in economic development recorded by the Vietnamese people. Mr Marut Bunnak affirmed that the Thai national assembly was ready to cooperate and share experience in making laws, especially the economic laws and create opportunity to promote the cooperation in the fields that are strong points of Thailand. This mutual beneficial cooperation would make an active contribution to building South East Asia into a peaceful, stable and prosperous region, he added.

Do Muoi Receives Former Thai Prime Minister

*BK0302163194 Hanoi VNA in English 1500 GMT
3 Feb 94*

[Text] Hanoi VNA Feb. 4—Party General Secretary Do Muoi received here this afternoon Former Prime Minister Anan Panyarachun and businessmen of Thailand, now on a visit to Vietnam.

Mr. Anan Panyarachun said that Thai businessmen were satisfied with the good results of their meetings and exchanges of views with Vietnamese senior officials and colleagues. He expressed his belief that the multi-sided cooperative relations between the two countries would further develop, conforming to the interests of the people of the two countries, and of peace, friendship and development in the whole region.

Party General Secretary Do Muoi praised Mr. Anan's active contributions to the building and consolidation of the friendship and cooperation between Vietnam and Thailand, and he said he believed that the visit would bring those relations to a new step of development.

The Vietnamese leader affirmed: 'Vietnam wishes to learn experiences in economic development in Thailand, expand the cooperative relations in many fields, and promote the neighbourliness between the two countries'.

Also present at the reception were Vice Chairman of the State Committee for Cooperation and Investment Nguyen Nhac, deputy head of the party Central Committee's External Relations Commission Phan Van Chuong and Thai Ambassador to Vietnam Bunthan Manklang.

Anan Departs for Ho Chi Minh City

*BK0402071294 Hanoi VNA in English 0604 GMT
4 Feb 94*

[Text] Hanoi VNA Feb. 4—Former Thai Prime Minister Anan Panyarachun and his party left Hanoi today for Ho Chi Minh City.

The former prime minister, who is now president of the Saha Union Group, and some Thai businessmen have been in Vietnam since Feb. 2.

While here, they were received by party General Secretary Do Muoi and Prime Minister Vo Van Kiet. They had working sessions with officials of the State Committee for Cooperation and Investment, the Ministry of Light Industry, the Ministry of Construction, the Hanoi People's Committee and visited a number of industrial establishments in Hanoi.

Some projects involvings investment, cooperation and joint ventures between Thai and Vietnamese companies will be signed in Ho Chi Minh City.

The delegation will also tour some economic establishments in the city.

Australian Parliamentarians Conclude Visit

*BK0402164594 Hanoi VNA in English 1521 GMT
4 Feb 94*

[Text] Hanoi VNA Feb. 4—A parliamentary delegation of Western Australia, led by its PM, Thomas Williams [name and title as received] left Ho Chi Minh City this morning, winding up its 6-day visit to Vietnam. While here, the Western Australian delegation paid a floral tribute to late President Ho Chi Minh at his mausoleum. The delegation had working sessions with officials of the Ministry of Science, Technology and Environment, Directorate General of Post and Telecommunications, the Ministry of Heavy Industry, the Ministry of Trade and other establishments and centres. At these meetings both sides discussed issues of common concern and the possibilities of economic, scientific and technical cooperation in future. The two sides expressed their wishes for a further development of the beneficial cooperation between the two countries.

Journal Marks Party's Founding Anniversary

*BK0302150194 Hanoi Voice of Vietnam Network in
Vietnamese 2330 GMT 2 Feb 94*

[Editorial from February 1994 issue of TAP CHI QUOC PHONG TOAN DAN: "Let's Firmly Grasp the Mid-Term National Party Conference Resolution and Make

Continued Efforts to Successfully Implement the Party-Initiated Renovation Platform"]

[Text] The midterm national party conference has summed up the results of the implementation of the renovation line since the sixth party congress to further clarify the important issues during the period of transition to socialism in our country and determine major policies and measures to successfully carry out the Seventh Party Congress Resolution.

The conference took into account the great achievements that we have scored two and a half years following the seventh party congress and the fine results that we have obtained in the framework of the renovation policy adopted by the sixth party congress. The delegates maintained that we have overcome the socioeconomic crisis to a very important extent. The national economy has not only surpassed many difficulties but has also reached a considerably high growth rate in many domains and begun to develop dynamically. Continued efforts have been made to firmly maintain and consolidate political stability, strengthen the party's leadership role, enhance the work efficiency of state management agencies, broaden the democratization process, and guarantee national defense and security capabilities. The people's confidence in the party, state, and the renovation undertaking has been consolidated a step further. The mass movement to participate in socioeconomic development has made many changes for the better. Diplomatic relations have been expanded. Our country's position and prestige in the world have been enhanced. The international situation has been improved and developed to the advantage of our people's national construction and defense cause.

The above-mentioned outstanding achievements have created necessary conditions for our country to gradually shift to a new development stage and accelerate the national industrialization and modernization program. Realities over the past years testify to the correctness of the party's major renovation policies and to the appropriateness of its steps. The resolutions of the sixth and seventh party congresses have been applied to life.

While taking into account past achievements, our party has also realized weaknesses, shortcomings, and new problems and hence has worked out practical policies and solutions to successfully implement the Seventh Party Congress Resolution.

Lying ahead of our people are great challenges and great opportunities. Our country is facing great challenges, namely the danger of lagging further behind economically compared with many countries in the region and other parts of the world, the danger of deviating from the socialist path in case we fail to overcome irregularities in direction for implementation, the danger posed by corruption and smuggling, and the danger created by the hostile forces' peaceful evolution strategy and subversion and military invasion schemes.

Nonetheless, our country is enjoying favorable conditions. Our party has a correct line and displays unity and singlemindedness. Our people are hard-working and intelligent, maintain a steadfast revolutionary stance, and have confidence in the party's leadership. The achievements of the renovation undertaking are creating a new source of strength for our country to move forward. The development of the scientific-technological revolution and our efforts to integrate our economic activities in the world economy, broaden our cooperative ties with the world community, and contribute to peace in the region have created more important sources of strength for our nation.

Generally speaking, over the past two and a half years, we have realized to an important extent the general objectives—especially economic goals—set by the seventh party congress. In the remaining years of the seventh party Central Committee's term, it is necessary to motivate our entire party, people, and army to make concerted and outstanding efforts to exploit favorable opportunities to the full extent, overcome dangers, and surpass challenges to successfully make our goals come true.

The new economic progress and achievements on the diplomatic front require us to pay attention not only to problem-solving methods but also to strategically important policies and solutions to secure not only more stability but also higher and steadier economic growth rate.

Therefore, the time has come for us to devote efforts to accelerating the national industrialization and modernization program a step further, regarding this move as a strategic task of primary importance on the economic front. It is necessary to adopt uniform measures to implement the multisectorial economic development policy. On the one hand, steps must be taken to create more favorable conditions for various economic sectors and business establishments to develop quickly and effectively. On the other hand, continued efforts are needed to strengthen and develop the state business sector so it can operate effectively, assume a key role in the national economy, and serve as a mainstay in directing and assisting other economic sectors so they can develop according to socialist orientations.

Continued efforts must be made to renovate the economic structure, bearing in mind the need to link economic growth with social progress and social justice. Corruption constitutes one of the dangers that cause the masses to lose their confidence in the party and state and that restrain the national renovation process. The anti-corruption struggle constitutes the most burning and most urgent task at present. Resolute and full measures must be taken to deal with corruption in the entire mechanism as well as from the central down to local and grass-roots levels.

While discussing measures to accelerate economic renovation, the conference asserted the necessity to renovate

the political system, revamp the party, build a law-governed state under the party leadership, strengthen relations between the party and people, enhance the all-people unity bloc, and strive to improve national defense, security, and diplomatic activities.

While integrating efforts to build socialism—our forefront task—we must strive to carry out national defense tasks; protect our national independence, sovereignty, national integrity, security, socialism, and the peaceful life of our people.

Efforts must be made to firmly grasp and satisfactorily carry out the common task in national defense and security, firmly grasp the guiding concepts set by the party Central Committee's Third Plenum.

Against the background of the complicated situation in the world and the region, our relations with foreign countries have increasingly broadened. It is necessary to say that hostile forces at home and abroad are attempting to carry out their schemes of peaceful evolution, rebellion, and overthrow using dangerous and decisive tactics in various forms with the goal of eliminating socialism and violating our national independence and sovereignty.

We must strive to build the all-people national defense and security while upholding the revolutionary vigilance of our entire party, the armed forces, and people. Efforts must be made to strengthen and consolidate the political base and the movement to defend national security, build the people's combat plan in close association with the all-people national defense task, build firm and strong defense zones and people's security frontiers, and strengthen defense plan at various key areas, thereby firmly defending our national sovereignty and territorial integrity in the sea, the airspace, and at the border areas. We must strive to firmly maintain our internal security, detect and curb sabotage activities at home and abroad, strengthen state management over social security, and oppose crimes and social vices. Efforts must be made to renovate the party leadership, enhance the state management over national defense and security, improve the quality of agencies and cadres responsible for national defense and security tasks, and help sectors and echelons to carry out national defense tasks in accordance with their functions. The ministries of National Defense and Interior must strive to satisfactorily carry out their functions and tasks in accordance with their authority.

Efforts must be made to institutionalize the state laws, lines, and policies on strengthening national defense and security; perfect the laws on national defense and security and on defending the border and sea areas; and supplement and revise the law on military obligation and other legal documents. Efforts must also be made to promote the enforcement of the promulgated laws, integrate efforts to build the people's armed forces and the revolutionary, regular, seasoned, and modern army.

To triumphantly implement the party resolutions, we must strive to enhance our political background, the

party leadership and its combat capabilities, enhance the working class' characteristics and the party's vanguard nature, correctly implement the fundamental principles of Marxism-Leninism and Ho Chi Minh thought on party building task, thereby helping the party to strengthen its political, ideological, and organizational background. Efforts must be made to review tasks and achievements, conduct theoretical studies and researches on pressing issues, uphold the spirit of independence, sovereignty, and self-reliance; create unanimity within the party on the renovation process. We must ensure that all party members have a firm political stand and are loyal to the party's ideals and the people's just cause. Efforts must be made to criticize and overcome deviated concepts and illusions, strive to oppose such phenomena as opportunism, rightism, revision, dogmatism, and conservatism; heighten vigilance, and struggle against sabotage activities of the hostile forces. In our struggle, we must adopt a correct concept and measures while refraining from using conservative and dogmatic concepts to oppose opportunism and revisionism. Reality in the renovation process calls for great efforts and correct actions. In practice, however, there

are shortcomings in the implementation of the renovation process. We should strive to promote enthusiasm in implementing this process to encourage everyone to strengthen their correct concept and develop their intelligence to contribute to building the party while heightening vigilance to resolutely oppose hostile allegations and criticize erroneous concepts.

The party's correct lines and resolutions have set new orientations. However, the effective implementation of these orientations depends on the creativity and intelligence of each cadre, party member, echelon, sector, unit, and locality. This is because truth is concrete and revolution is creative.

Each cadre and party member must strive to firmly grasp the party and state's lines and policies. They must base on the political task and the reality of their unit and locality to study and formulate best measures to fulfill the political duties while striving to draw on experiences and contribute to developing and triumphantly implementing the party lines in the renovation process and in building and defending the socialist fatherland.

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